The Province of Alberta

THE ROYAL COMMISSION ON METROPOLITAN DEVELOPMENTS OF EDMONTON AND CALGARY

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PROCEEDINGS

DATE November 26th, 1954.

VOLUME 14

The Court House
EDMONTON - ALBERTA
SUPREME COURT REPORTERS, EDMONTON

VOLUME 14

November 26th, 1954.

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97E	Document entitled "Comments re Area 10" and material respecting Areas 10, 4, 1, 5 & 12	1672
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THE SITTINGS OF THE ROYAL COMMISSION ON METROPOLITAN DEVELOPMENT OF CALGARY AND EDMONTON, held at the Court House, Edmonton, Alberta, on Friday, the 26th day of November, A.D. 1954, at nine forty-five a.m.

THE CHAIRMAN: Mr. Moffat?

MR. MOFFAT: Yes, sir.

THE CHAIRMAN: With respect to those exhibits which you mentioned yesterday and said you would like to file today. Are you ready?

MR. MOFFAT: Yes, sir. I have arranged them into three groups, there is one group dealing with the areas on the western side of the City; one group dealing with the areas on the northern side; and one group dealing with the areas on the south and east, so that I would suggest that they should be filed as three exhibits.

THE CHAIRMAN: Yes.

MR. MOFFAT: Each one of the exhibits will contain the information with respect to several of the areas.

THE CHAIRMAN: And these include the comments?

MR. MOFFAT: These include the comments as well.

THE CHAIRMAN: All right, where do you suggest we begin?

MR. MOFFAT: I would suggest that we begin with the area to the west of the City.

THE CHAIRMAN: Yes, very well.

MR. MOFFAT: The exhibit is headed "Comments re Area 8", but actually attached to it is the material with respect to Area 8, 3, 9, and the area to the north of Jasper Place which is not numbered on the map,

MR. MOFFAT: (Cont.)

but which we have been calling Area 11 for our own information.

THE CHAIRMAN: 8, 3, 9 and 11?

MR. MOFFAT: Yes, that will be in as one exhibit.

THE CHAIRMAN: Mr. McGruther, the number, please?

MR. McGRUTHER: 96E.

THE CHAIRMAN: 96E.

MR. MOFFAT: I have made up sets of this and I have about twenty of them here which I can make available.

MR. ROBISON: This is to be one exhibit?

MR. MOFFAT: Yes, this will be one exhibit.

DOCUMENT ENTITLED "COMMENTS RE AREA 8", AND MATERIAL WITH RESPECT TO AREAS 8, 3, 9 and 11, IS ENTERED AND MARKED EXHIBIT 96E.

MR. MOFFAT: It covers 8, 3, 9 and 11, that is the areas in the west side of the City.

THE CHAIRMAN: And 97E?

MR. MOFFAT: Will be the same material with respect to the north side of the City, which covers Area 10, 4, 1, 5, and the area between Beverly and the river, which is not numbered on the map, but which we have been calling Area 12.

THE CHAIRMAN: Areas 10, 4, 1, 5 and 12, 97E.

DOCUMENT ENTITLED "COMMENTS RE AREA 10", AND MATERIAL WITH RESPECT TO AREAS 10, 4, 1, 5 and 12, IS ENTERED AND MARKED EXHIBIT 97E.

THE CHAIRMAN: And 98E?

MR. MOFFAT: Will be the one dealing with the areas which are in the Municipal District of Strathcona, namely 6, 2, 7 and the one immediately to the south of the University Farm which is not numbered, but which we have been calling 13.

THE CHAIRMAN: Mr. Moffat?

MR. MOFFAT: Yes, sir.

THE CHAIRMAN: I would suggest that at your convenience you take a red pencil and put these new numbers on the areas not numbered.

MR. MOFFAT: For the three that are not numbered, yes, I think that would be a good idea.

MATERIAL WITH RESPECT TO AREAS NUMBERED 6, 2, 7 and 13, IS ENTERED AND MARKED EXHIBIT 98E.

THE CHAIRMAN: Now, I think we are ready to proceed with the business of the morning. First the Town of Beverly, will you come forward, sir, and identify yourself?

MR. RICHARDSON: James Wesley Richardson, Councillor of the Town of Beverly.

JAMES WESLEY RICHARDSON, having first been duly sworn, testified as follows:

THE CHAIRMAN: You may proceed with the reading of your brief.

A " TOWN OF BEVERLY

SECOND BRIEF TO BE SUBMITTED TO THE ROYAL COMMISSION ON METROPOLITAN DEVELOPMENT OF CALGARY AND EDMONTON

The Council of the Town of Beverly desires to submit the following observations as an

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"addition to the Brief submitted to the Royal Commission October 5th, 1954, in which we are endeavouring to furnish the information asked for."

Under the heading of "Education":

" In the Brief which we submitted on October 5th last, we stressed the unbalanced tax burden imposed on us for educational purposes, and while it has been disclosed that Jasper Place is faced by the same condition, it is possibly more acute in Beverly than in any other Municipality.

In our comparative statement which we are submitting, while our assessment has increased about $400,000.00 during the past year, this has been almost entirely in residential assessment, and while this increased assessment points to a very rapid and healthy growth, it is, in relation to educational needs, a liability rather than an asset, since there is no corresponding increased industrial or commercial assessment to offset the costs of additional school population. Our present mill rate is set at 53 mills, and 33 mills of this amount is spent on education, and while this excessive mill rate does not appear to be unduly large, in comparing it with the rates in Jasper Place and Edmonton, it must be pointed out that our schools are limited to academic services only, while the others provide commercial courses, shop work and a large number of other services, which

A (Cont.)

"we are unable to provide, and to which our pupils should have access.

We stated in our Brief that under the present system we are carrying on a most unequal struggle, even with the additional special grants from the Government, and we are now faced with a probable increase of 11% or 12% in educational costs for 1955.

At the same time we are badly in need of a High School. We are at present sending 115 high school pupils to Edmonton, as we have no accommodation for them, and another six-roomed primary school must be provided in 1955. The desperate condition of the school finances is recognized by the fact that special grants have been paid by the Department of Education.

The Commission has requested us to suggest a remedy for this condition, and we submit that a Metropolitan School District should be established, as it appears to be the only adequate method of meeting the abnormal conditions.

Beverly has, for a number of years, been doing wishful thinking of amalgamation with the City of Edmonton, but Edmonton is at the present time scarcely able to meet her own school requirements, and has stated that she will not take on any further outside responsibilities, that will increase the costs to her own ratepayers.

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" The sharing of the Industrial assessment, just across the river, on the Strathcona side, appears to be the only hope of alleviating this condition, and we believe that this is only fair and just, seeingthat we, on this side of the river, are charged with the costs of educating the children of the working force which forms the backbone of the industry.

We have spoken of Beverly as a dormitory town and we have made up the following estimate which has been checked a number of times and which we believe to be fairly accurate:

Of the 1,013 heads of families in Beverly we have

working in Strathcona	104
working in Edmonton	682
working in Beverly	153
working elsewhere or unemployed	74

ADMINISTRATION:

It has been advocated in one of the briefs submitted, that you should recommend that immediate steps should be taken to establish a single administrative area extending over the whole district, and that such an administration should be placed under the control of one central Council. We agree in principle, but provision should be made to safeguard the welfare of the individual units which comprise this single area.

Estimates have been quoted that it would require an expenditure of from $600,000.00 to $700,000.00 over and above the amounts now being collected by them, to extend City utilities and services to

A (Cont.)

"Beverly and Jasper Place. These funds are presumably to be collected in the industrial area, and we feel sure that any central authority obtaining control of such a source of revenue would find it very difficult indeed to allot such expenditures to Beverly and Jasper Place, unless there was some specific agreement.

The Central Administration should be set up along the lines of a Metropolitan District, either with local borough councils electing representatives to the Central body, or by having the Central Council elected by divisions, provided that the Division representing Beverly is confined to that portion of the territory lying east of 50th Street and its easterly fringes, north of the river. This would provide equitable representation of each unit comprising the district. In no case should a Council be elected at large without representation being guaranteed for Beverly, similar to that provided for Strathcona at the time of amalgamation. Beverly has been in existence for over forty years, and we are reluctant to abandon our people to the mercies of others and more wealthy districts, without adequate representation. We don't wish to be taken into the family and treated like an illegitimate child.

The natural expansion of Beverly is easterly to the river, which with its present excellent

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"location for residential expansion, would accommodate a population of 15,000 people. We feel that if the Town is to relinquish its autonomy, assurance must be forthcoming that these people are represented.

Beverly now has a water and sewer system, gas and electric power, and we believe that some special consideration should be given to the fact that Beverly would bring to the union the best location for residential and industrial expansion, that at present obtains in the whole district under review.

From her exceptionally favourable location, Beverly sometimes wonders what amalgamation with the Municipal District of Strathcona, or even with the School Division of Clover Bar, would bring her. This would give Strathcona an excellent residential area right on the doorstep of the industrial development, the lack of which is now her greatest weakness.

This is not altogether a new thought, since it was expressed in a brief submitted in 1952 to the Department of Municipal Affairs, a copy of which we submit as an exhibit. This might well prove to be an excellent solution to our financial difficulties.

ESSENTIAL SERVICES:

At the present time the Town of Beverly obtains its water supply from the City of Edmonton, at 35% over and above the rates charged to City users. We

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"obtain our gas from Northwestern Utilities Ltd. at a higher rate than charged in the City, and our light and power from Calgary Power Ltd., also at a rate higher than that charged in the City. In the event of an overall organization being formed, these rates should receive prompt attention to have them brought in line with the rates charged in the City.

Respectfully submitted.

'C. E. Floden"
Mayor

'Walter Murray'
Secretary-Treasurer "

THE CHAIRMAN: Mr. Richardson, I notice that the brief to which you refer, a copy of the brief that was presented to the Minister is attached, so that we don't need a separate exhibit number for it, that's right?

A Yes.

THE CHAIRMAN: Very well, this then will be 99E.

BRIEF SUBMITTED BY THE TOWN OF BEVERLY IS ENTERED AND MARKED EXHIBIT 99E.

A I am sorry, there is another column of tables on the back here.

THE CHAIRMAN: Yes.

A Do you want them read or not?

THE CHAIRMAN: Well, I thought you weren't going to read them since you stopped, but we will be glad to go back to that.

A It is more or less like in the other, I didn't know whether you wanted it or not.

MR. BLACKSTOCK: I think you should.

THE CHAIRMAN: Then you might refer to it, Mr. Richardson, please.

A We have a table set up with headings, "Year", "Land", "Buildings", "Other", "Personal Property", "Power", "Total", "Population", "Mill Rate Municipal School", "Levy", "School Requisition", and "Percent".

In 1947 our land was $117,215.00; buildings $175,067.00; the other was $8,000.00; personal property $11,865.00, leaving a total of $312,147.00. Our population was 1260; our municipal rate was 20 mills; our school rate 30; the levy was $15,746.00; and the school requisition was $8,690.00 or 55.2%.

In 1948 our land was worth $241,235.00; our buildings $223,414.00; the other assessment $8,000.00; and personal property is $21,950.00, making a total of $504,199.00. Our population was 1350; our municipal mill rate was 28; our school rate 26; the levy was $26,312.00; the school requisition $12,020.00, which is 45.7%

In 1949 our land was $264,342.00; our buildings $237,729.00; the other was still eight thousand, and the personal property was $20,890.00, making a total of $530,961.00. Our population was 1600, and the municipal mill rate 22½; the school rate 30½; the levy was $27,911.00; school requisition $15,161.00, or 54.3%.

In 1950, our land was $264,667.00; buildings $282,304.00; the other was $30,960.00; personal

A (Cont.)

property $32,062.00. "Power" came in there. We had $22,500.00, making a total of $632,493.00. Our population was 1900; our municipal rate was 22½; our school rate 30½; our levy was $32,637.00; school requisition was $17,463.00 or 53.5%.

In 1951 our land was $298,155.00; our buildings $481,375.00; other was $205,760.00; personal property was dropped, and the power was $28,000.00; making a total of $1,045,010.00. Our population was 2150; our municipal rate 28; our school -- wait a minute, school rate 49; the levy was $77,869.00; school requisition was $48,806.00 or 62.7%.

In 1952 land was $465,570.00; buildings $1,151,140.00; power $34,600.00, making a total of $1,651,310.00. Our population was 2300; our municipal rate was 27½; our school rate was 22½; our levy was $83,480.00; our school requisition was $42,054.00, or 50.04%.

In 1953 our land was $477,460.00; our buildings $1,354,820.00; our power was $40,900.00, making a total of $1,873,180.00. Our population was 2960; municipal rate 25; school rate 30; levy $105,070.00; school requisition $48,500.00, 46.2%.

In 1954 land was $512,180.00; buildings $1,287,150.00; the other was $485,570.00; power was $47,400.00; being a total of $1,873,180.00. Population 3600; municipal rate 20; school rate 33; levy was $121,900.00; school requisition $65,337.00, and the percentage was 57.

MR. ROBISON QUESTIONS THE WITNESS:

Q Mr. Richardson, I just question, not of substance, but of the arithmetic, I can't reconcile, for example, 1951, I can't make the addition. I assume should be land, buildings, other, personal property and power, is that correct?

A Yes.

Q Well, I make that, for example, in 1951, $1,013,290.00. Then I come down to 1953 and the figure that I get is exactly the figure shown there, but in '54 the figure I get by adding them all together is two million three hundredand thirty-two thousand three hundred. I can't reconcile the figures if what you say as to adding these categories up is correct.

A I think maybe that must be an error because --

Q I think there are several errors in this table.

A I haven't checked the arithmetic, our secretary has made it out and I assumed it was right.

Q Well, I can't reconcile these figures.

A I know, at least, we were working on the water and sewer problem and we were using a figure slightly over two million dollars.

Q If you add land, buildings, other, personal property, power, together, as you say you do, then your figures don't reconcile, according to my addition.

Q MR. DAVIES: There is a great possibility of a typographical error, that is obvious in the total column, the total figures are both for 1953 and 1954, $1,873,180.00.

A That's probably the correct figure for 1953, but, I think probably they have copied 1953 down for 1954.

Q MR. DAVIES: Obviously that is purely in transcription and you can have it rectified with us later when you check up on it?

MR. ROBISON: That's not so in 1951, and I am wondering if these mistakes have been made, how much we can rely on this whole table? I think it should be rechecked.

MR. BLACKSTOCK: I think, too, Mr. Robison, there must be a mistake in the mill rate for 1951, 28 and 49?

A Just when I was reading it, it didn't seem to be just correct, because I don't think our mill rate has ever been 67.

MR. BLACKSTOCK: If you look at the result compared with the result when you have 27½, obviously it is wrong.

A The mill rate was 77 in that year, I guess, yes, that was the year we built our new school and they shoved the rate up quite high that year, built our first new school.

MR. ROBISON: I wonder, Mr. Richardson, if we would proceed, but I wonder if it wouldn't be advisable for you to come back and tell us whether these figures are accurate or whether you want to make any changes in them. I think this table should be rechecked.

MR. MOFFAT: I can verify a little bit of it, but I can't verify the whole thing, but I do have the 1953 figures here from the report to the Department, and it corresponds to what is here, and that, I think, is the year which we are primarily concerned with because it's the comparison with the other areas. Now, back, I don't

MR. MOFFAT: (Cont.)

have any record in my notes.

A I think that on the whole there is certainly no intention of misrepresenting it, there might be an error in the transcription or something.

MR. ROBISON: No suggestion of that, but I personally, from what I see in front of me, I am just wondering whether I can place too much reliance on it, from the point of view of just arithmetic accuracy, that's all.

Q THE CHAIRMAN: Mr. Richardson, you have learned that the mill rate actually for 1951 was 77?

A Yes, it was high one year.

Q THE CHAIRMAN: But it is set down here as 62, and adding these two rates, the municipal and the school together, gives you 77?

A Well, they were high that one year.

THE CHAIRMAN: Oh, that's percentage, I beg your pardon, there is no complete rate here, I am sorry, I am wrong.

A I think that looks reasonable, I haven't figured it out myself.

THE CHAIRMAN: Well, very well, you can either yourself or have somebody check these all through and just make sure that they are correct. Somebody could give us, if there are any corrections to be made, and you don't need to return yourself, but somebody could furnish us with the figures. Now, if you will be seated, Mr. Richardson.

The financial statements were entered earlier as

THE CHAIRMAN: (Cont.)

Exhibit 32E, that's for '51-52 and '53. We have the information then, Mr. Richardson. Mr. Garside?

Q MR. DAVIES: What about these last three pages of this brief?

A I don't understand your question, sir, the last three pages -- ?

Q MR. DAVIES: These last three pages beyond the table?

A That is a copy of the submission made in 1952 to the Municipal Affairs. It was filed for information.

THE CHAIRMAN: Yes, supporting evidence.

Q MR. DAVIES: You don't intend to read that?

A No.

THE CHAIRMAN: Yes, Mr. Garside?

MR. GARSIDE QUESTIONS THE WITNESS:

Q Mr. Richardson, dealing with the statement, I take it that the figures under land, buildings, are the assessment for those respective years?

A Yes, I believe that's right.

Q Now, what is included in the term "Other"?

A What is included under the term "Other" -- this $8,000.00 down for three years -- I think probably -- what would that include?

MR. MURRAY: That would be commercial assessment.

A Commercial and business assessment.

Q MR. GARSIDE: Commercial and business assessment?

A Yes.

Q I notice in 1950 it jumps from eight thousand the previous three years to $30,960.00. What was the

Q (Cont.)

cause of that increase?

A Well, about that time we annexed a portion of Sturgeon and took in the Dominion Tar and Chemical Plant.

Q I notice in 1951 you apparently discontinued the personal property tax?

A Yes, we did, we figured it cost more to collect than we got revenue.

Q Now, there is a big difference between 1951, particularly in the land and buildings, for instance, buildings go up from four eighty-one three seventy-five to one million one hundred and fifty-one thousand one hundred and forty. What is the explanation there?

A That is the rapid growth of the town, sir.

Q You speak in your brief of the very great costs of education, but I notice that the school mill rate in 1947 was 30 mills, and in 1954 was 33, which is an increase of three mills. Was the difference taken up by grants from the Province?

A We had some increased grants. That is, of course, the school brief, probably will know more about it than we will.

Q You don't know anything at all about the school grants yourself?

A No, we don't know anything about the grants, the council, we get requisitions for so much money and that's it.

Q This brief was presented to council and they agreed

Q (Cont.)

to this additional brief, have they, council has agreed to this additional brief?

A On the 1952 brief?

Q No, on this particular brief you are presenting now?

A Yes, we, council agreed unanimously and we had a meeting of the ratepayers on, just a week ago, Monday, I think it was, and we had a unanimous vote in support of the brief we presented.

Q How many wereat the ratepayers' meeting?

A Oh, possibly between 125 and 150.

Q How many ratepayers are there in your town?

A That's something I am not too sure of. I imagine that there would be probably around 1500, just an estimate, around 1500.

Q In any event, the ratepayers' meeting was duly advertised?

A Duly advertisied, yes, we advertised it in the places -- as a matter of fact, it was called by the ratepayers and had the statutory notices and word was sent out through the schools to be sure that they all came out.

Q The brief which you filed before, which I think is Exhibit number 32E, the council still adheres to the statements contained in that brief, do they?

A Yes, on the whole, yes. They were probably a little more unanimous in this brief than they were in the last. Even in the first brief, I think we were all willing to go along with it.

Q That is, you would like to be amalgamated with the City of Edmonton and the town of Jasper Place and the industrial section of Strathcona?

A We would provided we were guaranteed representation.

Q Were you at the hearing yesterday afternoon?

A Yes, I was here all day.

Q Did you hear the references by Mr. Davies in connection with the question of representation?

A Mr. Davies?

Q Yes, Commissioner Davies?

A Yes.

Q And he pointed out that if the request, for example, of Jasper Place was granted, that that would be out of line in connection with the representation in Edmonton at the present time?

A Yes, I follow that, but, still, if we didn't get any representation, that would be out of line too.

Q How many would you want, how many representatives would you want?

A Well, you couldn't have less than one and be represented.

Q And would one be satisfactory?

A Well, we couldn't, I think that's all we could expect on the present sized council anyway. It all depends on the size of the council.

Q You remember Commissioner Davies referred to a suggestion of a committee of three from the various districts who would act as a liasion committee with the City Council. What do you think of that?

A Well, that's a new idea, but, Mr. Davies didn't elaborate on it too much and he didn't say what powers they would have, whether it would be just advisory or whether there was something, whether they would be allowed any power and just what, what weight their advice would carry.

Q I think at the last hearing reference was made to representation similar to that which the City of Strathcona had when Edmonton and Strathcona were joined, and also it was mentioned that any such arrangement should last for about five years. Would you agree with that?

A This would be my personal opinion, it hasn't been discussed. I hadn't thought too much about that. I think I would have to give it a little more thought.

Q Right you are.

A But, possibly just in relation to that, we were thinking more in terms of,see, under the present system Edmonton elects all their councillors at large, and we considered that it wasn't, we weren't too concerned if the metropolitan area, which would be largely dominated by Edmonton, carried on with the same arrangement. We thought that if we were guaranteed one representative, whether they got a majority of the votes or not, why, it would be acceptable to us, and it would suit Edmonton more or better to have it that way, and have some say in who is representing Beverly. We wouldn't mind, but, provided there was somebody from Beverly representing

A (Cont.)

the town or that section of the metropolitan area.

Q Coming to the question of the property which would be on both sides of the river and roughly due south of Beverly, do you expect to have one representative from the south side of the river and one on the north too, or would you be satisfied with one representative to cover the area on the south of the river which would be brought in, and your town as well?

A Of course, we were only presenting a brief from the town of Beverly, and we didn't consider the people on the other side of the river, we hadn't discussed it, and that in itself would be a, this would be just my personal opinion, and I think it probably might be a little preferable to include us with the area on the other side of the river, we would have enough population to probably dominate the opinion from the other side and, we couldn't object to it.

THE CHAIRMAN: Yes, Mr. Brownlee?

MR. BROWNLEE QUESTIONS THE WITNESS:

Q Mr. Richardson, on page one of your brief where you are referring to your schools, you say that your schools are limited to academic services only while the others, I presume you mean the Edmonton schools, provide commercial courses, shop work and a large number of other services which you are unable to provide. Can you give me any idea as to how your school facilities compare with Jasper Place, that is,

Q (Cont.)

are the schools in Jasper Place in approximately the same plight as yours?

A I am not too familiar with the schools in Jasper Place. I have read Mr. Gertler's report on them several years ago. I think probably the conditions have changed some since then, but I have heard, and I am not too sure, that they are teaching some shop in Jasper Place that we are not doing.

Q I wonder, sir, would it be your understanding that in the event of an amalgamation such as is proposed, your school facilities would be brought up to the level of the facilities in Edmonton schools?

A Well, I would say, I would think it only fair if we come into the metropolitan area, we shouldn't be discriminated against.

Q And would you expect that to occur in any fairly limited time, or do you understand that it would probably take a period say in excess of five years?

A We couldn't expect any change overnight, but we should expect that all reasonable efforts be made towards that end.

Q I notice a statement also on page one of your brief. I might quote it:

> "Beverly has for a number of years been doing wishful thinking of amalgamation with the City of Edmonton, but Edmonton is at the present time scarcely able to meet her own school requirements, and has stated that she will not take on any further outside responsibilities that will increase

Q (Cont.)

"the costs to her own ratepayers."

That statement by Edmonton, is that a statement which has been made to this Commission, or is it one which was made previously to the town?

A I don't think it is quite a statement, I think probably it is just an impression we have maybe more than a direct statement.

Q You have an impression since the proceedings before this Commission, that Edmonton will not take on any further outside responsibilities, is that correct?

A Well, we, at least, there is an element in the town that have been trying for years and years to amalgamate with Edmonton and we have had very indifferent success and we went down there, and they say, we have been told that they weren't prepared at the time, and a personal conversation with some of the councillors in Edmonton, said, well, just a private conversation, was that, we have got the impression that they weren't prepared to take us on although we were prepared to carry our share of the tax load.

Q Prior to the deliberations of this Commission then, there have been conversations with respect to the possibility of an arrangement between Edmonton and Beverly for amalgamation, is that correct?

A There has never been any direct ones with the councils of the two towns, but there has been amalgamation committees in Edmonton, or, in Beverly, that have interviewed Edmonton.

Q Were those committees set up in some formal manner

Q (Cont.)

by the town of Beverly?

A By people in the town of Beverly.

Q And, as far as you know, nothing ever came of those representations made by the committees?

A No, nothing has ever come of them.

Q I would like to know, not in too much detail, what were the natures of your representations to the Department of Municipal Affairs in 1952?

A Well, about the time Mr. Gertler made his report on the educational -- in the metropolitan area, and the substance of the brief was that we were having difficulty meeting our school costs, and that a metropolitan area would, or, one amalgamation into the Clover Bar School Division would help solve our problem. That's about the gist of it.

Q And did you receive some form of a ruling from the Department?

A No, it was just a report sent in, probably wouldn't expect any more than we would get a ruling from this Commission here. We probably have got some increased grants, assistance.

Q Now, you also state in your brief that the sharing of the industrial assessment on the Strathcona side of the river would appear to be the only hope of alleviating your condition, and that you feel that that would be fair as you are charged with the costs of educating the children of the working force which forms the backbone of the industry. How many employees of Strathcona industry are resident in Beverly?

A According to ours, we have 104 heads of families that are working there.

Q Well now, it is because of that figure in your brief that I asked that question. Exhibit 37E before this Commission is a tabulation as to the number of employees in industry and where they reside, and that tabulation indicates that only 43 employees out of the 1,717 live other than in Edmonton or the municipality.

A I don't know how they arrive at that, that figure.

Q Well, I might interrupt you by telling you that that is a figure which was supplied by the industrial people themselves.

A I don'tknow how they arrived at that figure, but we have, we arrived at our figure by a questionnaire of the youngsters at school asking them where the heads of their family worked, and that's how we arrived at the figure. We have had men come to our council meetings that live in Beverly, and they tell us that when they were wanting the bus to stop to pick them up instead of having to go away down town and come out from the bus station, that we were given the impression that there were around forty of them that were working in the cellulose plant alone.

Q I wonder, could that figure have been calculated at a time when construction was taking place on a large scale in the industrial area?

A No, those figures of ours were calculated here in the last three weeks, last month anyway.

Q Well, in any event, we have a conflict of figures now.

A I imagine it was quite a bit higher when construction was going on.

Q I think so, yes. Your view, therefore, is that you are a dormitory town with respect to industry in so far as you house these people, and I would ask you, how does that situation compare with your dormitory relationship with the City of Edmonton?

A Well, that's just the figures themselves speak for them, we had 104 families working in Strathcona and we have 682 working in Edmonton.

Q So that Edmonton is really more serious an offender in that regard?

A Of course, and a lot of these people that are working in Edmonton may be working in a supporting industry -- supporting trades for the industry, maybe working in a supporting industry for these larger places. A certain amount of them, I know, must be, just how many, I wouldn't be prepared to say.

Q You have no breakdown on that point?

A No.

Q Well now, Mr. Richardson, in reading your brief and in reading the transcript of the evidence given by Mr. Payne previously before this Commission, I sense either a considerable reluctance to give up your autonomy or else an anxiety to see that you receive some strong representation in the event of amalgamation, and is it fair and perhaps obvious to say that that is based upon your concern as to whether you

Q (Cont.)

would actually have applied to your needs a fair proportion of any revenue which would derive from the industrial area of Strathcona?

A Well, I would say that we should have representation in how that share of the money would be spent. Under the present set-up we are getting a certain amount of service from Edmonton, but it seems to us that we are buying the service from Edmonton just the same as we would from any commercial firm who are there to make a profit on the sale of those services, and we would feel that under a metropolitan scheme that we may be able to get out from under that policy.

Q Yes, in other words, you want to see that some of the money from the new industry would be spent on Beverly and not all spent elsewhere?

A But it wouldn't improve our condition as a town by having the money come into the metropolitan area, why, there is no particular advantage in being there.

Q Now, what would be your view as to the possibility of meeting your problem by the creation of a metropolitan school district and retaining a certain amount of your autonomy?

A Well, I think it would be preferable to retain our autonomy as long as we didn't, probably do something that wouldn't be to the good of the whole metropolitan area. The problem, as I see it, is if we go into the metropolitan area, would we be represented? If we try to run our own show without any regard to the good of the whole metropolitan area, that wouldn't be a

A (Cont.)

good thing either.

Q And, is there any likelihood that with some financial assistance from other sources, that development in the next few years might improve your financial condition so that you could in fact carry on as a town unit?

A Well, yes, I think probably it would, but I think our problem now is that our tax rate, we are a residential town, and being a residential town and probably slightly lower or medium income group, the cost of our service and our tax structure is so high that we can't induce industry to come in, although we have trackage along there, we have a place reserved for an industrial area, which we are having difficulty holding because all our land is privately owned and a lot of people want to get out from under. Well, the price of land is up. Well, as long as we have it zoned for industry, they can't sell it, because the industry won't come in. They could sell it for residential land, but, if we do that, why, it isn't the interests of the town of having choice industrial land turned into residential, for use for residential purposes, but if we had some method of, if we had a tax structure that wouldn't discourage industry from coming in, it certainly would help the town. Now, I just don't know how that could be done. Possibly under the present set-up where industry come and make tax deals all over the thing, well, we just can't compete, that's all.

Q Getting back to the question I asked you a moment ago, on page two of your brief you refer to the increased

Q (Cont.)

funds which would be required to bring conditions in Beverly and Jasper Place up to the level of the City, and you say that you feel sure that in the event of any central authority obtaining control of such a source of revenue, it would find it very difficult indeed to allot such expenditures to Beverly and Jasper Place unless there was some specific agreement.

I just wondered if you would explain what you mean by the use of those words "unless there was some specific agreement", does that relate simply to the question of representation or did you have something more detailed in mind?

A Well, there was probably part of it. There is a tendency of thought, we understand, that under a metropolitan area the greatest good should accrue to the greatest -- or at least, the greatest good for the good of the whole area, and we were just wondering if without representation, why, we might be not considered -- or at least money spent on ours might not be considered the good of the whole area.

Q Now, I noticed in the discussion of the representative of the town of Jasper Place yesterday, that that town expects the utility services to be brought up to City standards within a definite period of time. What is the position of your town in that regard?

A Well, we haven't, we just said that it should be brought up. We can't expect that it will be brought up overnight, but I think that all reasonable -- it

A (Cont.)

should be brought up in a reasonable time, and, I don't think it should be too long at that, but, we haven't fixed any definite date when it should be brought up. I think it probably should be brought up before they started developing any outside areas.

MR. BROWNLEE: Thank you, Mr. Richardson.

MR. ROBISON QUESTIONS THE WITNESS:

Q Mr. Richardson, I just want to clear up one point, Mr. Richardson, in response to a question by Mr. Brownlee you made the remark something like this: "Where industry makes tax deals, we can't compete". I would be interested to learn what you mean by "Where industry makes tax deals"?

A Well, I understand under the present set-up of a town or village, and I am not too sure about the laws for municipal affairs, but we are allowed to make tax concessions to bring in industry in to the town. We are allowed to do that, but our tax structure is so high that we can't make a deal that would be low enough probably to compete with some of these rural areas that haven't any -- urban population.

Q What you are referring to is that you understand that there are lawful concessions that can be made by way of tax agreements?

A That's right.

Q To new industry?

A But, with our tax load and our school population, it wouldn't be fair for us. Maybe it might be a good

A (Cont.)

thing in the long run, but it doesn't seem to be the fair way of doing it.

Q Is there no specific statutory or other reference you have to make on this subject, what is the authority, is it the Industrial Assessment Act that you are referring to.

A I haven't studied that too much, but I am, I was under the impression and, what we have talked to our provincial assessors, we are allowed to make concessions to industry for industries coming in, but, we are not allowed to make concessions to establish, to the established industries we have in town.

Q MR. BLACKSTOCK: I think I understand what you mean. Your position with regard to education is such that there is no benefit to bringing in industry if you have to give them concessions?

A Well, I mean we have such a tax load in regard to that, that it wouldn't be fair to give them as much concession as would be necessary to bring them in, that's what I am trying to say.

THE CHAIRMAN: Mr. Moffat?

MR. MOFFAT QUESTIONS THE WITNESS:

Q Mr. Richardson, one point arising out of the questions that Mr. Brownless asked you. On top of page two of your brief you list the number of families working in Strathcona; working in Edmonton; working in Beverly and working elsewhere. You quote 153 as

Q (Cont.)

working in Beverly?

A Yes.

Q Could you give us some idea of those 153 families, approximately how many of them would be providing services for the other residents? In other words, running grocery stores and that type of thing for the use of your other residents?

A No, I couldn't, it would be just a rough guess. I think probably you have gone into it deeper and probably know more about it than I would, but, we have just the one industry, Dominion Tar and Chemical which employs part of their, part of their staff, of which a part of their staff live in Beverly and part live at various other places, and probably mostly in Edmonton, but that is the only industry we have. We have about five, I think, service stations that are catering to the road trade, maybe partly some to do with country trade and partly to Edmonton. We haven't any restrictions on the hours that they can sell gas, so that it could be possible that a few Edmonton residents might slip out there to get gas on Sundays or after hours, but apart from that, there is just these services. We have the others, just grocery stores mostly, we have one welding shop that probably could do some work for Edmonton, but, there is only two men employed there.

Q Well, would it be true that a very substantial part of these people working in Beverly are in the category

Q (Cont.)

of service to the community in general?

A Well, we have, this year we are putting in water and a sewage system. We have some of the men working, living in Beverly, that are working on it. That's only temporary, and we have our grocery stores and we have a barber shop and service stations, and that's about all, and then, of course, there is schools, we have a few teachers and we have janitors for that, but, it takes a certain amount to service that population, and they are, some of them are living in Edmonton and some of them are living in Beverly. The most of them are living in Beverly.

Q Would it be true that the extent to which your municipality is dependent on income from outside is even greater than it would appear from these figures, in other words, the fact you have 100 people in there from Strathcona, 680 from Edmonton, doesn't represent the true extent of which you are dependent on outside industry because in addition to your own people there are a very substantial number are simply providing service to the people who are employed outside?

A Yes, that's right.

Q Do you know if that same situation would be existing with respect to the area across the river from you to the south, of the people in that area do you suppose there would be as many there who are providing grocery stores and filling stations and that type of business for the other people in that area?

A No, I wouldn't think there would be as many. I don't

A (Cont.)

know, of course, it might be the same percentage, but there is not as many people there, and, naturally, wouldn't be as many doing it.

MR. MOFFAT: Thank you very much.

Q MR. BROWNLEE: How many of that figure of 104 resided in Beverly before they obtained employment in Strathcona, do you know?

A No, I have no breakdown of that, and, see, the population from 1953 to 1954, was an increase of approximately 25%, so, we have a fairly recent growth, and rapid.

MR. HAYES QUESTIONS THE WITNESS:

Q I take it that this brief that was filed sometime previously with the Department, you must be in favor of that when the copy is submitted?

A Yes, we are in favor of it. Well, it was -- when we filed the copy, it would have helped our school situation. It still would help our school situation. And if it helps that, why, there is no reason why we shouldn't be in favor of it.

Q What I am interested in most of all is in one passage you say:

> "This may require some changes in existing legislation. It visualizes a new concept of province-wide application. It rejects the present accepted doctrine that each municipality, city or town, must stand on its own financial

Q (Cont.)

"feet as a separate and isolated unit and advances the idea that all are inter-dependent and complementary to each other and that each is dependent on the others for their well-being."

That's what I am interested in. You haven't changed your mind on that?

A No, I don't see how you could, I think it is basic.

Q Well, in your discussions with the City has that been their attitude?

A No, I wouldn't say it has because we want to buy water from them,"sure, we will give it to you at thirty-five percent over the City rates". We have in some of our groups that have gone down and talked amalgamation, we have advanced the point that where we are just a suburb town that hasn't any industries, we go down and work for people before Strathcona came, most of us went down and worked for people in Edmonton, and the people we worked for, we hope they made a profit on our work, and that helped pay the City taxes. We turned around when we got our money and we went down and we spent it in Edmonton, and we expect probably that they made a profit on their sales, and that has supported the City taxes. We thought at that time, we still think, that we should have some concession on anything we buy from the City.

Q You understand now that the City is prepared to take you in with a proviso that the City taxes will not be,

Q (Cont.)

in other words, in amalgamating with Beverly, it will not raise the taxes of the Edmonton people?

A That's the impression we have had.

Q Who would give that guarantee that there wouldn't be a raise in taxes, who would you expect would give the guarantee?

A Well, that is one of the things that our provisions, or at least, that's what we would expect. We expected if we went into the metropolitan area, we wouldn't be discriminated against.

Q In other words, if it were not for the industry in Strathcona, you wouldn't have a ghost of a chance of amalgamating with Edmonton at the present time?

A That has been my feeling for quite some time, yes.

THE CHAIRMAN: Mr. Richardson, Mr. Davies has intimated that he wishes to ask you some questions. We shall take the morning recess until eleven ten and you will be ready to go on again then.

(At this point, the Commission stood adjourned until 11:10 a.m. and reconvened).

JAMES WESLEY RICHARDSON, was recalled on his former oath, testified as follows:

THE CHAIRMAN: Mr. Richardson, if you will return please to the stand, and I am going to ask you to sit in the chair and when you speak, speak perhaps just a little more distinctly, loudly, so that we all can get what you say.

A Yes, sir.

THE CHAIRMAN: Now, Mr. Davies, I think you had the floor when we adjourned.

MR. DAVIES QUESTIONS THE WITNESS:

Q Mr. Richardson, yesterday I felt I imposed on the Commission by taking a considerable amount of time to outline the provisions of the Strathcona-Edmonton amalgamation agreement. I did so because Beverly in its submission was asking for two members on the City council, and in their brief they said that they wanted to be treated the way that Strathcona was in the amalgamation agreement, and also in your brief from which I quoted page two, you say:

> "In no case should a council be elected at large without representation being guaranteed for Beverly similar to that provided for Strathcona at the time of amalgamation."

Now, it is very obvious that there is complete misapprehension and misunderstanding as to what the Strathcona agreement provides. I don't intend to review that now, but I would like to ask you, do you feel that if Beverly and Jasper Place came into an amalgamation with the City of Edmonton, do you feel that the representation of those areas should be based at least to some reasonable extent on the population of those areas in terms of the population of the total area?

A Well, that's reasonable, but at the same time we are holding out for representation, and, as I said just

A (Cont.)

before to Mr. Hayes, you can't be represented with less than one and be represented.

Q You, of course, understand that if representation is given on a basis that doesn't bear any relationship whatsoever to population, that that can amount to complete negation of democracy, don't you?

A Well, of course, but Beverly will naturally be growing and they will be entitled to some, but I do think that we should be represented. While we are unfortunately not big enough to be represented on the same, on a basis of population, I still feel that we should be represented, and you can't be represented with less than one.

Q That is exactly the problem that is concerning me on the question of representation, because there is the well accepted principle that representation must bear some reasonable proportion to population on the one hand and still an anxiety to realize the problem of Jasper Place and Beverly and realize that it is desirable that they should have some medium through which representations can be made, particularly during the preliminary period.

Now, examining the population figures, we apparently finally have gotten Beverly's population from 5,000 now down to apparently 3600 as the accepted population in 1954. So, I would like to direct your attention to what the implications of your representations are. Taking the present population of the City

Q (Cont.)

of Edmonton at 200,000, and adding 25,000 on as a rough estimate for a metropolitan area, and accepting Jasper Place's population at 13,000 as given yesterday, if we accept the unit of representation on a proportionate basis as 3600 for one councillor, then it would involve the establishment of a 62 member council in the Greater Edmonton area, based on a population of 225,000, and that would give Beverly one councillor and it would give Jasper Place roughly four, that is five, then it would leave 57 councillors on the council for the rest of Edmonton. Do you follow my reasoning there?

A I follow it, yes.

Q That is, if it were put through on an absolute pure democratic basis of representation by population. You would agree with me that that would be an unfeasible proposition to have a 62 member council, wouldn't you?

A It would be rather cumbersome.

Q And it would be expensive, wouldn't it?

A I expect it would, but still on the same -- if we have -- the democratic way, our urban populations in practically all cases are not as well represented per capita as our rural populations.

Q I recognize that, and that is recognized in the federal situation and in the provincial situation, but will you agree with me that there are certain limitations or reasonableness, particularly if you go on a proportionate basis, that it makes it unjust.

Q (Cont.)

Would you agree with that proposition?

A Well, theoretically, yes, but we still don't give up the idea of being represented, and we have been a town for a long while, as we say, and may still be one for a while, and we should be represented. We don't, there probably isn't very much possibility, but, it just possibly could happen that we could be neglected, and we might not be -- our opinion might not be accepted in a smaller council.

Q To follow that up one step further, and, I am sure you will want to withdraw your reference in your brief to the amalgamation agreement. Strathcona was given representation from the start on a purely population basis. The total population of the combined area was approximately 30,000; 6,000 was on the south side of the river and 24,000 on the north side of the river, and Strathcona was given 2 members out of ten, which was one-fifth, and at that time they had one-fifth of the population of the total area. So, I presume that you would like to withdraw from your brief then the reference in the brief that you should be given representation similar to that provided for Strathcona at the time of amalgamation. That would be correct, wouldn't it?

A I think it would be better to qualify it, sir, what we were referring to was that a guarantee of representation -- that was what we had in mind, and another thing about it was that we weren't, we have asked for

A (Cont.)

a ward system, see, with Beverly one ward. Well, that is desirable, but we felt that we could go along with elections at large provided we were guaranteed representation as Strathcona is guaranteed representation. Your reference to a population basis, we didn't consider at all, but the part of the amalgamation agreement, I think, that is perhaps still correct, is that they are guaranteed a representation of some sort. That's what we have in mind.

Q Did you give any consideration to what extent, if any, the City council should be enlarged?

A No, we didn't consider that at all.

Q Do you feel it should be enlarged?

A I hadn't thought about it, sir.

Q Because, obviously if you get one member and Jasper Place would get one, that would cut down the 200,000 people in the City area to eight members then, wouldn't it?

A It might. We hadn't thought about it, but we are -- we are just sticking out for representation.

Q Do you think you would be willing to give consideration to some other form of representation for a period of three years or five years, sort of a local committee that could be democratically elected as a liasion committee between your community and the City Hall?

A Well, we would like to know just what powers, if it is just advice, you could have a committee going down there any day of the week, but just what powers would

A (Cont.)

they have when they did get down there and how much guarantee, we would like to know just whatweight this committee's recommendations would carry before we would like to pass an opinion on it.

Q Well, a committee of that kind would be purely a liasion committee between your area and the City block.

A In other words, we still wouldn't be represented except in an advisory capacity?

Q That's true.

A Well, we are still sticking for representation.

Q Well, at least that is clear, Mr. Richardson, thank you very much. In respect to sewer system, am I correct in assuming that it is tied in with the City system?

A We buy our water from the City but we have our own disposal.

Q Are you in a position to give us any information about the assistance you have had under The Municipal Assistance Act for the year 1953. Could you inform yourself?

A I think our secretary could give you that information.

Q Would you get that information from him so that we could have it on the record, please?

A I can give you now, that is somewhere close to around -- I would rather give you an accurate figure.

Q Give it to us approximately.

A I believe it's around --

MR. ROBISON: It is in the 1953 statement.

MR. HAYES: $21,415.22, 1953.

MR. ROBISON: It's in Exhibit 32E.

Q MR. DAVIES: Under this statement appearing in your brief today dealing with assessment and taxation, it says land, buildings, other, now, under "Other", for the year 1954 is a figure of $485,570.00. What is that largely made up of?

A I'm not too sure of that.

Q Is that business tax to some extent?

A Yes, I think that is largely business tax, yes. We have our assessed value of the land; assessed value of the buildings, and we have business tax. That's about the only other tax we collect. We did have a, or at least, a personal property tax, but we found that it cost more to collect it than the revenue is worth, so we dropped it.

Q You abandoned that in favor of the business tax?

A Yes, yes, that's right. Oh, regarding this "Other", I don't know whether this would be the time to give it or not, but regarding, these figures across not totalling, we have these "Power" assessments, those are by the provincial government, and under that Act that we only get ten mills on it, so that it wouldn't figure out if we put it in, so that if you take that off the figures, I think you will find the rest are correct with the exception of this 1954, the total is a typographical error when the copies were mimeographed. It should be over $200,000.00 -- $2,000,000.00 rather.

MR. ROBISON: I am still not prepared to accept this tabulation as being correct in its present form, and if we are going to refer to it, I think you should submit an amended copy. I can see other mistakes on it.

A We will certainly check it for you.

MR. ROBISON: I think you should.

A But, certainly as far as -- we thought it was correct.

MR. BLACKSTOCK: It doesn't seem to agree with your financial statement in some places.

A We will check that, sir.

Q MR. DAVIES: You stated that the principal industry upon which you drew assessment was the Dominion Tar and Chemical Company?

A Yes.

Q Could you give me the approximate total assessment of that one industry so that I will be able to take that out and see what your assessment is otherwise?

A Not offhand, sir.

Q Is your secretary here, could you inform yourself and come back and give me that figure please?

A He says he doesn't have it offhand either.

Q Could you give it to me approximately through him?

A It seems to me that we collect around $25,000.00 worth of taxes, but, that is somewhere near it, but I can figure it back on the 1953.

Q Would he remember how much taxes you collect off them, would you mind asking him and inform yourself please?

A $16,000.00, that would be about it, because I think we collected around $97,000.00 altogether.

Q I want to talk to you for a minute about the District Planning Commission. Have you any observations to make to this Commission about how satisfactory or unsatisfactory you find the District Planning Commission organization in statutory set-up as at present constituted?

A Was this question to me?

Q Yes?

A I have never been on the District Planning association or commission, and Mr. Payne could have answered that much better because he has followed it up right through. Just from offhand observations it would seem that they are doing a pretty fair job, but there is nothing to compel the member bodies to abide by the regulations, and the first thing, somebody gets peeved or think they are trying to chisel a little more than their share, and if they don't get it, they get peeved and drop out. Something should be, something should be perhaps, it should be perhaps arranged so that there would be a little more teeth in the recommendations, and another observation which may or may not be right was that it would look to me as if the membership of the Commission was a little too heavily loaded by the provincial government.

Q Do you feel that, does your council feel that membership in the District Planning Commission should be compulsory?

A Well, I feel that if the District Planning Commission is necessary and doing a good job and working for the good of the area of the whole, well, I think they all should chip in and do their part, whether it is by compulsion or otherwise.

Q Your answer is that in your opinion it is the view of the council of the town of Beverly that membership in the District Planning Commission should be compulsory, is that correct?

A Well, possibly if they won't co-operate without, it would probably be --

Q There is no compulsory membership now and you know they are not co-operating, don't you?

A That's the impression I have, yes.

Q Well now, then could I have an answer to that question, if you can give it? Is it the opinion of your council that membership in the District Planning Commission should be compulsory?

Q MR. ROBISON: Has your council ever considered that question?

A No, we hadn't considered it. We considered it more from the angle of obeying by the decisions of the Commission. We thought that it would be better if the District Planning Commission rules could -- it was made compulsory to abide by them.

Q MR. DAVIES: Let me put it to you this way: do you think that the Edmonton District Planning Commission is worth a hoot? I will put it in the vernacular, if when somebody doesn't like its decision, it can walk out. Can you answer that question?

A I would say that if they don't abide by the rules of the thing, it isn't worth a hoot, sure.

MR. DAVIES: Thank you very much.

A Except in an advisory capacity.

Q MR. HAYES: Let's look at it in a little different angle: what about the personnel of the Commission, should they be independent? In other words, all the trained personnel which belong to some particular municipality now, would it make any difference, do you think their opinions should, in other words, that there should be some teeth in it? Then, what about the personnel of the Commission, should that be independent of any one particular municipality?

A I think it would help. At the present time it seems to be loaded in favor of the provincial government. Of course, Edmonton paying a larger share of it, should have the most representation. We smaller areas on the outside are, well, we can't afford to hire planning technicians so we just have to get along without them.

Q MR. DAVIES: Mr. Richardson, I want to come back to the Municipal Assistance again. As you are aware, municipal assistance grants are paid on population basis.

A That's right.

Q You know that, don't you?

A Yes.

Q Do you feel that the payment of municipal assistance grants by the provincial government on a population basis is a fair and proper way of distributing money

Q (Cont.)

from the provincial government to a municipality?

A Well, I think it is as good as you can get.

Q You haven't found it working out very good in your area, have you?

A Well -- we still are, need more money, naturally, but I don't know just how you could improve it.

Q How would you react to this suggestion: that if there was in effect in the Province of Alberta a uniform system of assessment throughout the towns and villages and rural areas, and through that uniform assessment, that the per capita assessment of each area could then be determined, and have municipal assistance grants paid on the basis of per capita assessment in each area based on the uniform assessment. Would you feel that that would be a fair way to pay it?

A Well, are we not supposed to have uniform assessment now? I think we have an assessment appeal board.

Q I am asking you a question. We have agreed that municipal assistance grants today on a population basis in Alberta, and, I understand that's the way they are paid in Ontario, what I am asking you is: do you feel it would be a much fairer way to pay municipal assistance grants if there was a uniform method of assessment throughout Alberta, and arising out of that uniform system of assessment, that the per capita assessment of each area was determined, that is, if there were a uniform assessment, and we

Q (Cont.)

knew the population of each municipal area in the year, it would then be able to determine on a proper basis what the per capita assessment of each area was and pay the municipal grants on that basis?

A You mean the grant should be based on the per capita assessment of the -- ?

Q Of each municipality instead of on the straight population basis as now?

A No --

Q What do you think of that?

A I think I would prefer the grants on the straight population basis. In some wealthier municipalities, why, they would be, they would get the benefit from a grant based on per capita assessment. This basis gives more on the needs than it is on the wealthier ones who probably don't need as much.

Q I must confess I don't understand your answer now in the light of your brief. As I understand your brief, you have got too much population and you haven't got enough assessment. Now, if you have too much population and haven't got enough assessment, and the grants were paid to you on the basis of your population related to your assessment, your per capita assessment, you would get more money, but you have told us you are not in favor of that now.

A Possibly I didn't understand your question, sir.

Q MR. HAYES: I can see you are confused. In other words, you are getting on a per capital basis because your association of urban people asked for it to be that

Q (Cont.)

way, and because the urban population of this province is 54% of the total, then 54% of the total amount in the fund is divided on a per capita basis. It is entirely different in the rural. Now, that's just what the association asks for, and that's what you are getting. Now, if you are going to change that basis, that's what Mr. Davies is asking you, if you are in favor rather of a change in the distribution of the portion that is allowable for the urban people?

MR. MOFFAT: I wonder if I may just explain one point. I don't think Commissioner Davies made it quite clear what he had in mind. I think the witness understood him to say that the grants would be larger where the assessment was larger and I think the intention was --

MR. DAVIES: I didn't tell him that.

A That's what I took from it.

Q MR. HAYES: You can't have your cake and eat it. In other words, the rural municipalities do get more if their assessment is lower. The urban people didn't want it that way, so it's on the straight per capita basis.

A Well, we have been getting larger grants where our assessment was less than a hundred thousand dollars per room, I think it was, on schools.

MR. HAYES: Nothing to do with municipal assessment.

Q MR. DAVIES: Mr. Richardson, your population is

Q (Cont.)

large in relation to your assessment, isn't it?

A Yes.

Q Is that right?

A That's right.

Q Your population is large in relation to your assessment, is that right?

A That's right.

Q That's one of your difficulties, isn't it?

A That's our difficulty.

Q So, if your population is large in relation to your assessment, it means your per capita assessment is low, doesn't it?

A Oh, yes, I follow you there.

Q You would sooner have those municipal assistance grants paid to you according to what your per capita assessment was, because if your per capita assessment was low, you would be paid more?

A Yes. You didn't say that in your first question though.

Q That's the effect of it. Do you want to make any statement on that now?

A I take it then that you are asking me if I would prefer if the grant was inversely in proportion to our per capita assessment, is that it?

Q I don't know if I understand you now?

MR. ROBISON QUESTIONS THE WITNESS:

Q I wonder, Mr. Richardson, how much experience you have had personally, you are not reflecting the view-

Q (Cont.) point of your Council, are you?

A No, we have never discussed that.

Q In other words, this is a personal view that you are being asked to express. How much personal experience have you had in these matters of assessment and these grants? Do you understand the detail of the technicalities involved in it?

A I understand some of them, but not too much.

Q That's what I thought, you don't understand too much about this, do you?

MR. HAYES: He understands it sufficiently that he wants more money.

Q MR. ROBISON: But how to get there is the point I am trying to get at, the technique of it he doesn't understand. I don't think he is too much assistance to this Commission along this line.

Q MR. BLACKSTOCK: Isn't it correct, Mr. Richardson, that you would be in favor of any new method of dispensing assistanceif it gives you more money?

A Well, I am sure that the council would back me on that.

MR. HAYES: You are sure they are unanimous on that?

THE CHAIRMAN: I think that was quite evidence some half hour ago, so, if there are not further questions of this witness?

MR. HAYES: Just one. Mr. Richardson, yesterday Jasper Place said that they were in a position to borrow some $800,000.00, in other words, they had a credit of that much. Have you any idea what Beverly might be empowered to borrow if they so wished, over and above what they have now?

A We have borrowed $513,000.00 last year for sewer and water extensions. We are in the process of borrowing $175,000.00 for extensions for next year.

Now, the Utilities Board say we are still on the safe side. Now, I have got the impression that possibly within the law we might get maybe as much as a hundred thousand dollars, but very reluctantly, in addition to what we are asking for.

THE CHAIRMAN: Mr. Moffat?

MR. MOFFAT QUESTIONS THE WITNESS:

Q Mr. Richardson, just before the recess in reply to a question from Commissioner Hayes, you said that you were still in favor of the proposal made in your brief of 1952 to the Department of Municipal Affairs under which you would be taken in as part of the Clover Bar School Division. Your brief says you are in favor of an overall amalgamation of the area provided you get at least one representative. I wonder if we could ask you to name them as to choices, which is first choice and which is second choice as between those two, which would you prefer?

A At the present time we are in the Sturgeon School District which is a rural district. If we are going to be in a rural district, it wouldn't make very much difference whether we are in Sturgeon or Clover Bar, except that in Clover Bar we get a lot more money. Under a metropolitan school district, well, we are not too interested in representation on a metropolitan

A (Cont.)

school board because that is going to be uniform in any case.

Q I am sorry, you didn't get the question. If you have the two alternatives, one is to be taken into a larger area for school purposes; the other is to be taken into a larger area for school and municipal purposes, would you sooner have the whole job done so that you would be in a metropolitan area overall, or would you sooner have it just for schools?

A Well, school is our largest problem, but we would still have a problem in the metropolitan school district on our services, our charges for services, and under the brief that we have submitted, I have to stay with it, that we would prefer to be in a metropolitan area that, provided our service charges for town purposes, we prefer to be in a metropolitan area but, in a metropolitan school district or Clover Bar School District, either would solve our financial problems.

THE CHAIRMAN: Mr. Richardson, you are not in the Sturgeon Division, are you, you are an independent school board?

A We are an independent school board, but we are in the Sturgeon inspectorate.

THE CHAIRMAN: That's a different thing. Well, you have an official trustee at the moment, haven't you?

A That's right.

THE CHAIRMAN: Are there any more questions to be asked of this witness? Thank you, Mr. Richardson, that's all for the present.

(THE WITNESS RETIRES).

THE CHAIRMAN: I am going to inquire first, is there any representative of the Alberta Association of Architects present? Then, Mr. Steer, you have two matters on our schedule, the presentation on behalf of certain ratepayers in the area east of Beverly, and you have also a presentation on behalf of Northwestern Utilities.

Could we usefully begin with the submission with regard to the ratepayers?

MR. STEER: Mr. Chairman, I had arranged with the necessary two witnesses to be here at two o'clock, on the understanding that the representative from the Architects had to be cross-examined this morning, and I could get them down here, but it would be so close to twelve, sir, that it might not be useful. I was going to say, sir, that with your permission I would like to put Mr. Yorath on first so that he could get away.

THE CHAIRMAN: That is, you would prefer to have the Northwestern Utilities -- ?

MR. STEER: If it makes no difference.

THE CHAIRMAN: It makes no difference to us, no.

Then, if there is no general business to come before the Commission at the moment, we will stand adjourned until two o'clock.

(At this point the Commission stood adjourned until two p.m. the same date).

PROCEEDINGS commencing at two o'clock in the afternoon of Friday, the 26th day of November, A.D. 1954.

THE CHAIRMAN: Are you ready to go ahead, Mr. Steer?

MR. STEER: Ready to go ahead, sir.

THE CHAIRMAN: All right, Mr. Steer.

MR. MOFFAT: Mr. Chairman, whether we should do it at the beginning or at the end, I have those pro-forma budget figures with the memorandum on the front of it now, they could be either filed now if you wish or at the end of the day. I think it would be advisable to have them available over the week-end so that the people could look at them over the week-end.

THE CHAIRMAN: We might as well have that now then, Mr. Moffat. Mr. McGruther, what number will that be?

MR. McGRUTHER: Number 100.

THE CHAIRMAN: And what is the description, Mr. Moffat?

MR. MOFFAT: Pro-forma budget, enlarged area.

THE CHAIRMAN: Thank you.

MR. DAVIES: And, Mr. Moffat, that includes all the marked areas with numbers on the map, doesn't it?

MR. MOFFAT: That's right, yes, that is made clear on the memorandum which is on the front of it now.

THE CHAIRMAN: And you have them ready to distribute?

MR. MOFFAT: Yes, there are plenty of copies here.

THE CHAIRMAN: All right.

SUBMISSION ENTITLED "PRO-FORMA BUDGET ENLARGED AREA" IS MARKED EXHIBIT 100E TO THESE PROCEEDINGS.

THE CHAIRMAN: I am sorry for the interruption, Mr. Steer. Now then, please carry on.

MR. STEER: Could Mr. Yorath be sworn?

THE CHAIRMAN: Mr. Yorath.

DENNIS K. YORATH, having first been duly sworn, examined by Mr. Steer, testified as follows:

Q Mr. Yorath, you are the General Manager of Northwestern Utilities, Limited?

A I am.

Q And that company has prepared a brief for submission to this Royal Commission?

A It has.

Q Would you like the brief marked now, Mr. Chairman?

THE CHAIRMAN: Yes, thank you, this will be 101E.

PRESENTATION ON BEHALF OF NORTHWESTERN UTILITIES, LIMITED MARKED EXHIBIT 101E TO THESE PROCEEDINGS.

Q MR. STEER: Will you go ahead, Mr. Yorath?

MR. DAVIES: Mr. Steer, do you happen to have an extra copy of this brief?

MR. STEER: I do, sir.

MR. DAVIES: One of the members of the Commission cannot locate his. Are you agreeable to let us have it?

MR. STEER: Oh, yes.

A Are you ready, sir?

THE CHAIRMAN: Yes.

A "Mr. Chairman and Members of the Royal Commission on Metropolitan Organization:

A (Cont.)

"Gentlemen:

Introduction

(1) In making this Submission, Northwestern Utilities, Limited, has in mind the third term of reference as stated in Order in Council 1005/54, which states the Commission is appointed "to hear representations from any and all interested bodies and to give consideration to any other factors relevant to the establishment of the boundaries, the form of local government, equitable distribution of costs and the orderly development of the areas".

(2) It is not the purpose of this Submission to support or oppose any suggestions which have been or which may be presented to this Commission. Our Company feels that it is our responsibility to point out to the Commission the effect that a larger metropolitan area might have on the distribution and utilization of natural gas in the suggested area.

Regulation & Inspection

(1) In the interests of the health and safety of the citizens of Edmonton, Gas By-Law No. 1617 was passed by City Council. It sets forth the standards to be maintained for gas fitting, appliances and equipment. A slightly different By-law is in effect in the Town of Jasper Place. The regulations for Beverly and the municipal districts differ again.

A (Cont.)

" (2) The administration of gas by-laws and the inspection and approval of gas installations and applicances, is a most important matter for the safety of consumers. In a group of contiguous areas such as are now being considered by this Commission, it is highly desirable that there be uniformity of legislation and inspection.

Financial Implications

(1) As a company regulated by the Board of Public Utility Commissioners of the Province of Alberta, Northwestern Utilities, Limited recovers in the rates charged for natural gas in the various areas, only the costs of supplying this service to each area. Since the cost of service varies from area to area, different rate schedules apply within what may be suggested as the boundaries for the larger metropolitan area of the City of Edmonton. If amalgamation were to take place by means of an extension of the Limits of the City of Edmonton, uniform rates would apply throughout the enlarged area by reason of the provisions of the existing franchise agreement between the Company and the City of Edmonton."

I think, Mr. Chairman, that it might be appropriate now if I read the appropriate clause from our franchise with the City of Edmonton.

THE CHAIRMAN: Yes, I think so.

A That franchise, clause (1) reads as follows, and I quote:

A (Cont.)

"1. The City hereby grants to the Company, its successors and assigns, subject to the terms, conditions and provisions hereinafter contained, the full power, right and liberty to put down, take up, relay, connect, disconnect, repair, maintain, and operate its gas pipe lines along, through or under the streets, squares, highways, lanes, alleys, grounds, bridges, parks, thoroughfares and other public places within the limits of the City, as the same may be from time to time extended as may be necessary or convenient for the purpose of supplying and conducting natural gas to the consumers thereof, and the Company is to that end authorized to enter upon any and all the said places and to break at their own expense the surface and to make the necessary excavation thereon when and where the same may be required for the aforesaid purpose, and to do all other things reasonably necessary or convenient for the supplying of natural gas to the inhabitants or corporation of the City, and laying down, taking up, repairing, maintaining and operating its main gas pipe lines as aforesaid, doing as little damage as may be in the execution of the powers hereby granted, and causing as little obstruction as possible during the progress of the work, and at all other times, and restoring the streets, squares, highways, lanes, alleys,

A (Cont.)

"grounds, thoroughfares, parks and other public places within the limits of the City in all cases to their proper condition and maintain the same in such condition for a period of two years, ordinary wear and tear excepted, and if the Company shall fail to commence the said work within forty-eight hours after written notice to that effect from the engineer or such officer as may be appointed by the Council of the City for that purpose, as to the particular places to be repaired, or shall fail to proceed therewith with all convenient speed, the said work may be done by the City and the Company shall be liable for the cost thereof plus ten (10%) per cent for overhead charges, and the Company shall at all times, if required, while any street or pavement shall be broken up, cause a light sufficient for the warning of all persons using such highway or other public place to be set up and maintained every night during which the same shall be broken up and a proper guard during the day to the satisfaction of the City engineer or such other officer as may be appointed by the Council of the City for that purpose. The Company shall pay the City for all damages to the works of the City and for all changes or alterations in the works of the City caused or necessitated by the works of the Company."

A (Cont.) That is the end of that quotation from that clause in the franchise, sir. I think we will be filing that as an exhibit later on after I have finished reading this brief.

THE CHAIRMAN: Yes, thank you.

A "The following is presented as an indication of the possible effect of amalgamation on natural gas rates in this area.

(a) Franchise Tax

At the present time, a franchise tax, amounting to 5 per cent of gross revenue, is paid by Northwestern Utilities, Limited to the City of Edmonton and the Towns of Jasper Place and Beverly."

I think, sir, there I might depart again from the brief if I were to read the appropriate clause from our franchise with the Town of Beverly, our franchise in the City of Edmonton and possibly the one from Beverly. Clause 18 of the City of Edmonton franchise reads in part, and I quote:

"18. In consideration of the exclusive privileges granted hereunder to the Company, the Company agrees to pay to the City, from year to year and as long as this franchise remains exclusive, five per centum of the gross receipts of the Company from the sale of natural gas within the City for all purpose...."

That franchise was validated by Statute of the Province of Alberta, being Chapter 29 of the

A (Cont.) Statutes of that year; and then in the case of the Town of Beverly franchise and the Town of Jasper Place, I will quote clause (6) from the franchise of the Town of Beverly.

I am afraid, sir, that in using the words "franchise tax" we have been, in the brief, we have been guilty of something that creeps into business of probably sloppy use of language, and the words "franchise tax" do not really apply to the Town of Beverly and the Town of Jasper Place franchises. The Town of Beverly franchise, clause (15) reads as follows:

> "15. During the term of this agreement, or any renewal or renewals thereof, the Company will pay to the Town in lieu of any taxation upon its plant, equipment and pipe lines in the Town used in connection with the transmission, distribution, delivery or measurement of natural gas in or through the Town, each and every year five (5%) per cent of the gross receipts of the Company derived from the sale of natural gas within the Town. The Town agrees that in consideration of such payments, it will not during the period or periods above mentioned, assess for taxation or tax all or any part of the said property, plant, equipment and pipe lines."

The same clause is present in the Jasper Place franchise.

A (Cont.)

" No such franchise tax is applicable in the Municipal District of Strathcona where certain large industrial customers of the Company are located. The annual gross revenue received from customers lying outside the area where the franchise tax is applicable now but inside the suggested enlarged boundaries is about $500,000. The Company's costs would be increased by $25,000 annually if a franchise tax were applied to this revenue.

(b) Plant Tax

At the present time, in the City of Edmonton, Northwestern Utilities, Limited pays a plant tax, arrived at by applying the yearly mill rate to the assessed value of the Company's Edmonton plant. The plant is assessed at $3,200,000 and with the present mill rate of 53 mills, the plant tax totals $169,600. No plant tax is applicable under the franchises with the Towns of Jasper Place and Beverly, and no plant tax is applicable with respect to the Company's pipe lines in the municipal districts adjacent to Edmonton. However, should these communities and areas be amalgamated into one large community and should the Company be required to pay a plant tax on the assessed value of the plant within this larger area, the tax payable by the Company would be increased substantially.

A (Cont.)

" (c) Rate Areas

At the present time, residents of those areas lying north of the North Saskatchewan River and outside of the corporate limits of the City of Edmonton and the Town of Jasper Place pay for natural gas at rates approximately 50 per cent higher than those charged in Edmonton, Jasper Place and the Municipal District of Strathcona. The principal reason for these higher rates is that a substantially higher plant investment per consumer is required, because the population density is lower and further the plant in these areas was installed at a later period when construction costs were greater. Should amalgamation take place, uniformity of rates previously referred to would give substantial reductions to these particular consumers. It would be necessary to offset this loss of revenue by increasing rates slightly for natural gas in the remainder of the area.

(2) As a result of the three preceding items alone, it is estimated that well over $125,000 additional revenue would be required by the Company to meet the increased costs of serving the larger area.

Franchise Commitments

(1) If the boundaries of the City are extended, certain modification may be required in the franchise

A (Cont.)

"between the City and Northwestern Utilities, Limited. As an example, the franchise requires that the Company shall not sell natural gas to any consumers at rates less than charged by it within the City of Edmonton. At the present time there are several communities outside of the suggested metropolitan area, now being served at rates which would be lower than those charged in the City after giving effect in revised rate schedules to the three factors mentioned previously.

Relocation & Alteration to Natural Gas Facilities

(1) Attached to this Submission is a map which shows the high pressure pipe lines owned and operated by the Company in the general Edmonton area. It will be noted that in the area east of the present City Limits a substantial mileage of high pressure pipe line exists. If the suggested metropolitan area results in a more intensive development of the newly incorporated outlying areas it may involve substantial re-location of pipe lines and alterations to the existing grade of the rights-of-way on which pipe lines are located. Such changes would involve considerable expense. It would be necessary to recover these additional costs in the rates charged for natural gas, unless they were recovered by direct payments from the community as a whole.

A (Cont.)

"Conclusion

(1) In conclusion we would like to reiterate our opening statement, namely, that Northwestern Utilities, Limited is neither advocating nor opposing the creation of a greater Edmonton Metropolitan area but merely presenting to the Commission factors which could affect the natural gas consumers in the area.

Respectfully Submitted."

MR. STEER EXAMINES THE WITNESS:

Q Mr. Yorath, would you produce the franchises for Edmonton and Beverly and --

A And Jasper Place?

Q And Jasper Place as well, yes. May those be filed, sir?

THE CHAIRMAN: Mr. Steer, do you suggest they be filed as one exhibit or three separate exhibits?

MR. STEER: I would think one exhibit would be satisfactory, sir.

THE CHAIRMAN: One exhibit, it will be 102E.

MR. McGRUTHER: I think it would be more convenient to differentiate between them.

THE CHAIRMAN: All right, we will call them 102(a), (b), and (c).

MR. STEER: Thank you, sir.

THE CHAIRMAN: 102(a) will be the City, 102(b) will be Beverly, and 102(c) Jasper Place. Thank you.

NORTHWESTERN UTILITIES LIMITED FRANCHISE WITH THE CITY OF EDMONTON, THE TOWN OF BEVERLY, AND THE VILLAGE OF JASPER PLACE ARE MARKED EXHIBITS 102(a), (b), and (c) respectively.

Q MR. STEER: Mr. Yorath, on page 3 of the brief you state that you secure from areas outside the present franchise areas about $500,000 which results in a plant tax, I beg your pardon, a franchise tax as you call it of $25,000?

A Yes sir.

Q Can you tell me whether you have any breakdown of that figure of $500,000?

A A "breakdown", Mr. Steer, is probably not the correct term to apply. At the time this brief was prepared we did not have the figures, the actual figures available, but as supplied to me by our engineers and statisticians the revenue we receive from the Municipal District of Strathcona, our customers in that area, for the twelve months ending September 30th, 1954 was $567,929, and of that $512,058 was from the larger industrial consumers in that area. That does not include the small, the comparatively small revenue from the consumers north of the North Saskatchewan River.

Q With respect to the plant tax, I notice in the brief it says that it will be increased substantially, at the bottom of page 3; I wonder if you could give the Commission any estimate of the increase in plant tax?

A Yes, I think I can, sir. It is an estimate, and not knowing what principle of assessment or what mill rate might apply, we assumed in the area which has been intimated as being possibly included in the larger metropolitan area that our plant would be in the nature of $2,400,000, and to that we apply a 50% assessment and a mill rate of 50 mills which gave us a figure of $60,000.

Q Now, I believe the general conclusion of the brief is that there will be, there might be an increase in rates required in your company assuming that there is an amalgamation as has been suggested; has your company any suggestion as to how to meet the transition period between the time amalgamation goes in and the time that new rates can be calculated satisfactorily?

A We have, sir, I think the Commission has as a member of its body a much greater authority on rate principles than I am or anyone connected with my company, but we do think that possibly an adjustment of rates might be necessary over the various areas, and we would think that during that transitional period that possibly the present rate schedules would apply until our company has had an opportunity and a chance to assess a fair share cost allocation to the various classes of consumers in the area.

Q That's all, that's all for the moment, sir.

THE CHAIRMAN: Thank you. Mr. Yorath, you be seated a minute and we will see what questions arise.

THE CHAIRMAN: (Cont.) Mr. Garside?

MR. GARSIDE EXAMINES THE WITNESS:

Q You speak of the different standards of construction in Edmonton, Jasper Place and Beverly; would you mind explaining what you mean by that, are the restrictions, for instance, in Edmonton, or are the conditions more severe than in Jasper Place?

A You are referring, sir, to the inspections?

Q No, I am speaking of the construction of the actual lines themselves?

A Oh, I don't think I referred to construction.

Q Oh?

A I referred to costs, I referred to the costs because of the plant in Jasper Place and Beverly being built at a later period than the majority of the plant in Edmonton, and I referred to the density of population.

Q Yes?

A I did refer to the standard of inspection, that it should be uniform throughout the entire area.

Q As far as the actual pipes and pipe lines and so forth?

A It is as high a standard throughout the entire area, sir.

Q It is a high -- the same standard?

A The same standard throughout the whole area.

THE CHAIRMAN: Mr. Yorath, if you would prefer to remain seated -- ?

A Thank you, sir.

THE CHAIRMAN: Mr. Moffat,

MR. MOFFAT EXAMINES THE WITNESS:

Q Mr. Yorath, you quote the figure of $125,000 as the additional revenue which you think would be required?

A Yes sir.

Q Now, that is made up, I take it, of the $25,000 which would go as an additional payment on the 5% revenue tax?

A That's right, and as I indicated from actual figures it might be slightly higher.

Q Plus $50,000 on the plant tax, is that correct?

A $60,000 on the plant tax.

Q $60,000, I didn't get that figure down, and that would $40,000 on the other item?

A That would on the one hundred and twenty-five, you notice I say, I estimated well over one hundred and twenty five, we estimate approximately $50,000 of revenue would be lost by the reduction of rates to the area north, in the Town of Beverly and north of the North Saskatchewan River.

Q I am sorry, I was making a note, I didn't hear that figure, that was the one I wanted?

A $50,000.

Q $50,000, so that then that is the amount of your estimate of the amount of reduction to the gas consumers, primarily in Beverly, is that correct?

A In the Town of Beverly and that area lying north of the North Saskatchewan River which might be

A (Cont.) included in the larger metropolitan area.

Q So that your item then consists of, really two categories, additional tax?

A Right.

Q And a reduction to the people of the Town of Beverly?

A Right.

Q Now, could you give us some idea of what this would be in respect to your overall position, would this be an increase of a magnitude averaging two or three per cent?

A You mean increase in gas rates?

Q Yes?

A I would rather put it this way if I might, Mr. Moffat, that from what we have been able to horseback, and I use that term advisedly, we estimate that the rate increase in the balance of the area will be something less than one cent per thousand cubic feet.

Q Something less than one cent to give you this additional one hundred and twenty five thousand?

A That's right.

Q If something was done in, say, in respect to the tax item, these two items you are talking about here, the additional tax, then the increase would be that much less?

A That's right.

Q Now, on page 5 where you deal with relocation and alteration of the natural gas facilities -- ?

A Yes.

Q Is it true that that is a situation which will arise in that area to the east of the city regardless of what happens to the boundaries of the municipalities?

A A portion of it could, sir, but what we actually had in mind was if the creation of a larger metropolitan area was to require increased road facilities or more substantial roads or care for the roads to carry heavier loads, wider roads, would require relocation of our pipe lines, and that might be a factor; and in addition to that possibly other facilities such as our number 1 gate station on the eastern end of the city, which is quite noisy, became built around, why, we might be required to move that.

Q But those things would be involved if that area became built up, that is the issue rather than the boundaries of the city, is that correct?

A That is correct, except for the roads which might be required due to a metropolitan area being established.

Q Now, reverting just for a moment again to the tax situation, I take it that at the present time you are paying in the city and in Jasper Place and Beverly the five per cent gross revenue tax and also either a real property tax or something in lieu of a real property tax?

A We are paying 5% in Jasper Place and Beverly, in lieu of a property tax, a plant tax; in the City of Edmonton we pay a 5% tax plus the plant tax.

Q And in Strathcona you are not paying any taxes at all?

A In Strathcona we are not paying any taxes at all, we are under The Pipe Lines Taxation Act there.

Q Thank you.

COMMISSIONER BLACKSTOCK EXAMINES THE WITNESS:

Q Mr. Yorath, under "regulation and inspection", that applies only to the customers' gas fittings and appliances from the distribution line to the point of consumption in the house?

A That's right, sir.

Q And that is controlled by a by-law of the City of Edmonton?

A Yes sir.

Q In the other areas the standards are not as rigid as they are in Edmonton, is that what you wish to convey?

A No sir, there is, it is sometimes difficult in the smaller municipalities to have the by-law brought as up to date as continuously and as frequently as it is in the City of Edmonton.

Q And is this not true, that as far as is possible the by-laws in areas other than Edmonton are modelled almost exactly and precisely on the Edmonton by-law?

A Almost, sir, except in these two areas and others in which we serve, the City of Edmonton by-law which was only recently modified is now being modified again and we are gradually catching up in the various municipalities, and they generally

A (Cont.) are one lap behind.

Q And what would be required should amalgamation take place would be the enactment of a new by-law or amendment of the existing by-law?

A Right, sir.

Q Now, you mention that you are regulated by the Board of Public Utility Commissioners, it is the case that the rates chargeable in Edmonton are rates that were fixed by the Public Utility Board after a prolonged hearing?

A That's right.

Q The rates in Beverly and the rates in Jasper Place are the contract rates agreed upon between those two communities and the gas company?

A Yes sir.

Q And those rates have never been subject to any investigation or regulation by the Public Utility Board?

A No sir, other than that they are rates approved by the Board.

Q In the approval of the franchise agreement?

A Yes sir.

Q Leaving the right to either party to make an application to the Board for a revision of the rates chargeable under the franchise?

A Right, sir.

Q I think, Mr. Yorath, I would like to have for the purposes of the record and to avoid going back to the exhibits, will you give us the date of the Edmonton franchise and the number of years

Q (Cont.) it has to run, and the same with regard to Beverly and Jasper Place?

A The date, sir, of the Edmonton franchise is the 16th of November, 1915. I believe that that was approved by Statutes in 1916.

Q That is correct.

MR. STEER: That is correct.

A And, 1915, that is 49 years. The Town of Beverly franchise is dated May 16th, 1950; and the Jasper Place franchise is July 24th, 1950.

Q MR. BLACKSTOCK: And they are all renewable in ten year periods?

A The last time that the City of Edmonton franchise was renewed it was renewed for ten years, sir.

Q Ten years.

A But the city has the right under the franchise to acquire the company's plant at every five year period and in the question of Jasper Place and Beverly it is a ten year period.

Q Now, the franchise tax of 5% which is in addition to the ordinary taxation was fixed in the franchise agreement when it was first negotiated in 1915?

A Yes sir.

Q And then in the following year the franchise became statutory by virtue of the confirmation of it by the legislature?

A Yes sir.

Q And that statute is still in force?

A Yes sir.

Q Now, will you tell us a little more about the taxation or rather no taxation of pipe lines by Beverly, Jasper Place and the rural municipalities?

A Well, to Beverly and Jasper Place, sir, that was a matter of arrangement and agreement between those bodies and ourselves.

Q Yes?

A The Municipal District of Strathcona and other municipal districts are subject to the regulations of The Pipe Lines Taxation Act.

Q And at the present time no taxation is being imposed under that Act?

A Other than, no, other than our property and real estate, of course, in those districts.

Q And the reason for that is the Dominion-Provincial Agreement of, I think it is 1936?

A You would know the date, sir, I don't.

Q No, it is not '36, it is later than that; I have forgotten, but at any rate the municipalities are supposed to keep their assessments up to date?

A Yes.

Q In case the provisions of that Taxation Act should once more come under the jurisdiction of the Province?

A That as I understand it is correct,sir.

Q And the rates -- oh, first of all, I would like to deal briefly with the commercial rates imposed on heavy industry in the Strathcona area, how were they arrived at, or are they an adaptation

Q (Cont.) of the rates fixed by the Board and applicable in the City of Edmonton?

A The rates, sir, that are applied to those industries are all rates on our rate schedules which are approved by the Board.

Q I presume that they are all on your main line high factor load rate?

A Where they qualify for that.

Q Where they are applicable?

A Yes sir.

Q Yes, and those rates have been approved as to the City of Edmonton and you make them applicable to heavy industry in the Strathcona area?

A Yes sir.

Q Have you any customers in that area who qualify under different rate schedules?

A Under any different rate schedules?

Q Yes?

A Other than those approved by the Board?

Q No, no, I mean other than the high load factor?

A Oh, yes, we have, sir.

Q Yes.

A We have some as "commercial" and "industrial" rates and some under the regular high load factor rate.

Q And all of those rates, whatever they may be, are similar to the rates imposed in Edmonton on similar types of business?

A Yes sir, except that we have no high load factor

A (Cont.) main line rate customers in Edmonton at the present time.

Q Quite so, quite so. Now, take your other customers in those areas north of the present boundary, and we will say "domestic" customers in the Municipal District of Strathcona, how are their rates arrived at?

A The "domestic" customers and the "commercial" customers in the Municipal District of Strathcona are on the same rates as those prevailing in the city of Edmonton; those north of the City of Edmonton are on the same rates as apply in what we call our rate area "B" where the rates are somewhat higher. They are -- do you wish me to quote those rates?

Q Do you think we need them?

THE CHAIRMAN: I think so.

Q MR. BLACKSTOCK: All right, Mr. Yorath, please?

A Giving the "domestic rate", the general rate applying to the City of Edmonton and the Municipal District of Strathcona and the Town of Jasper Place, the first three thousand mcf, pardon, the first three thousand cubic feet are $2.40 per month, and every additional thousand cubic feet is 25 cents: and in what we call our rate area "B" which includes everything north of the North Saskatchewan River, the rate is for the first three mcf, $2.50 per month and all additional thousand cubic feet at 38 cents per thousand.

Q Mr. Yorath, I notice you are reading from something, would it be possible for you to let us have that?

A Yes sir.

Q Was that your printed rate schedule?

A That is a printed rate schedule, sir.

Q Yes, and those rates that you have just been quoting are arrived at by a bargain between you and your customers, between your customers and yourselves?

A Yes sir, subject to the approval of the Board.

Q You have individual contracts with each customer?

A With every customer on our system, sir.

Q Yes.

THE CHAIRMAN: Do you wish to have this filed?

MR. BLACKSTOCK: Yes.

THE CHAIRMAN: The schedule of rates then is filed as 103E.

"SCHEDULE OF RATES, NORTHWESTERN UTILITIES LIMITED" AS PRODUCED MARKED EXHIBIT 103E TO THESE PROCEEDINGS.

Q MR. BLACKSTOCK: Now, with reference to the figures which you quoted under franchise tax, plant tax and rate areas, if those results do in fact follow and if there is an equalization and if those other areas are put on the same rate as the City of Edmonton, then it might be possible that the Edmonton people would be required to pay a higher rate?

A That is quite so, and I think it would be slight.

Q And the amount you quoted was less than one cent per mcf?

A One cent per mcf.

Q And that could only be done either by agreement with the enlarged City of Edmonton and the Company or after a rate hearing before the Public Utilities Board?

A That's right, sir.

Q Now, there is another possible solution, Mr. Blackstock, and I will suggest it to you and get your reaction to it; should those people in those areas of higher rates be left on those rates until their respective areas are built up to such a degree that they would qualify for the Edmonton rate, and should that be continued for a period of three or four or five years or until there is a general rate hearing by the Public Utility Commissioners, in other words those people remain on their existing rate and Edmonton would remain on its existing rate for a transitional period, have you given any thought to such a suggestion?

A Yes sir, I think that was pretty well the one I suggested, that they should remain on until the transitional period has expired, that all customers should remain on their present rate schedules until we had a chance to assess the total picture.

Q Now, if the city boundaries are extended and if town planning legislation should be enacted, then, of course, it is possible that those areas of low density might very quickly become areas of

Q (Cont.) high density and your capital cost of service would decrease?

A As the density of population increases, yes sir.

Q Yes, and a time might come within what we are talking about as the transitional period where it naturally, where natural development would take care of the whole situation with regard to rates?

A That might possibly be, sir.

Q I am only suggesting it as a possibility, Mr. Yorath, you cannot give categorical answers to questions when you cannot foresee the future for two or three years.

A No sir.

Q One of the most difficult things in your brief to my way of thinking, Mr. Yorath, is this question of relocation and alteration of natural gas facilities, and gives rise to much discussion and difference of opinion and the main point at issue is who should pay for the relocation of lines, should the cost of relocation be borne by the city or should it be borne by the customers, I mean customers directly in the rates, he pays it anyway somehow through the city taxes, but someone must do the paying; now, who should do it, the city or the company in the first instance and add to the cost of rates?

A That, sir, is something on which I am not prepared to express an opinion, I raise the point and suggest the two alternatives and I would think that when all the other factors are considered that are

A (Cont.) involved in this large metropolitan area that this Commission would have to decide the best way of meeting that cost.

Q I suppose one factor in arriving at the solution would be who ordered the relocation of lands?

A Yes.

Q If the city issued an order to you to relocate the lines, and now there is perhaps a question of law here, Mr. Yorath, and not a question of fact, but would it not be reasonable and just that those who demand the service of relocation, the city, should pay the bill?

A We considered that possibility, sir.

Q I realize that it is a question of law which involves an interpretation of The City Act?

A Definitely.

Q And quite a number of decided cases both in Britain and in Canada. That's all, Mr. Yorath, that I have.

MR. GARSIDE: Mr. Chairman, there is one matter I should speak about at this point, and that is in connection with the Northwest Utilities franchise. The franchise was granted in 1915, as Mr. Yorath has said, for a period of 20 years, and then I remember in 1935 the company officials and the city had an amendment made to the City charter to keep it in force for a further ten years, and then in 1945 a further amendment was made to the Edmonton charter keeping it in force

MR. GARSIDE: (Cont.) a further ten years, and perhaps I should give you those legal references.

A Yes sir, that is correct, I confirm those.

Q MR. BLACKSTOCK: I am going to ask you something more, Mr. Yorath. The relocation of those lines, Mr. Yorath, would you like to have that outside of the city boundaries? In other words, at the moment you have your four lines or three and there is a fourth contemplated from Viking, is there not?

A Yes.

Q Your four lines converge at the city gate outside the city limits?

A That's right, sir.

Q And your lines from Leduc, two lines converge at the same point?

A That's right.

Q Now, if the boundaries of the city were enlarged well, let us say on the basis of the map that is on the easel would you desire to, say, terminate your larger lines at a point beyond the city boundaries as they are at the present time or have you some other scheme in mind? Perhaps it is an engineer should answer that and not you, Mr. Yorath.

A I think an engineer should probably but I don't mind doing it. I doubt, sir, if we, if it would make much difference to us whether they terminated at the city limits or not except for the noise factor I mentioned at the gate station

A (Cont.) which might occur regardless of whether it was due to a metropolitan area or from normal development.

Q And the main factor which would call for relocation might be roads and the type of roads and the width and standard roads?

A That's right, sir. At one time we did, I probably should add, should mention this, suggest that possibly due to those lines being high pressure lines it would be inadvisable to have them travelling through densely populated areas, but at the present time new pipe codes are being developed and have been accepted pretty well by the industry in the United States, and new technical and engineering developments make it quite proper and quite safe under certain conditions to carry high pressure through highly populated areas, although it is something normally that we probably would want to avoid.

Q And that is one reason at the moment, I suppose, that the power plant is not on a main line high factor load?

A Yes sir, that has been contemplated. It has been contemplated placing them on that rate.

Q Thank you very much, Mr. Yorath.

COMMISSIONER DAVIES EXAMINES THE WITNESS:

Q Mr. Yorath, in connection with the widening of roads outside of the boundaries of urban centres, who pays the relocation costs you get involved in there?

A That, sir, is a matter of some dispute and discussion between us and the various bodies, but at the present time, up to the present time we have been paying the cost of relocation, but I think that you can appreciate that if a main highway, such as highway 14 along side of which our three lines run, our three main transmission lines between here and Viking-Kinsella, if we were going to have to relocate all of those lines it would be a colossal expense, if we had to do it at our expense.

Q Do you happen to be familiar with what has been done, let us say, in the problem of the relocation of Calgary Power lines?

A I have some information on that, yes sir. You mean the 50 feet in or 60 feet or whatever it is?

Q Yes?

A Yes.

Q Would you care to give that information, is it authentic?

A I don't think I am qualified to do that, sir.

Q Are you familiar with, quite familiar with provisions in gas franchises elsewhere in Canada and perhaps in the United States?

A No, I would not say that I am.

Q Is this five per cent tax on gross income a common provision in a gas franchise contract?

A That I could not say.

Q Well, as I understand your answers to Mr. Blackstock, the city has an assessment on all your gas lines

Q (Cont.) and buildings and other property within the City?

A That's right.

Q And you pay the real estate tax on that?

A Yes.

Q And then if there is a five per cent tax on your gross revenue and you pay it, which you do, that naturally is passed by you into the rates, isn't it?

A Yes sir.

Q So that the economic effect of this franchise tax and the franchise is nothing more than that the citizens of Edmonton are taxing themselves an extra five per cent and increasing gas rates roughly by five per cent?

A I think your interpretation is quite correct, sir.

Q Is there any sense to that?

A I would prefer not to answer that, it was put in in 1915, sir.

Q Well, I am not an economist but just as an ordinary human being sitting here and listening to this, it sounds rather ridiculous for the City of Edmonton, that it should be taxing itself five per cent and adding it on, you add it on to your rates, and for which you have nothing else to do, and actually I suppose it would be fair to say that the net effect of this tax is that it is a contribution to the general tax receipts of the city and thus prevents the true burden of real estate and other taxes reflecting itself in the mill rate, is that right?

A I would think you might be right on that, sir. I would rather have a taxation authority answer that question.

MR. BLACKSTOCK: It is simply a cost of operation?

A That's right.

MR. BLACKSTOCK: Like any other cost of operation, and when your cost of operation goes up your rates must of necessity go up.

Q MR. DAVIES: Well, it is a well accepted principle of income tax law that if a man is an insurance agent, that he does not have to report the commissions as income on his own business, it is a well accepted principle of taxation in the income tax field that a merchant in business is entitled to mark out the goods that he uses for his own home at cost; this would certainly seem, this five per cent tax would certainly seem to me than that the city is doing nothing more than taxing itself: do you agree with that proposition?

A I don't know that I agree that they are taxing themselves.

Q This Commission is interested in the whole field of taxation, particularly is it interested in the taxes imposed on lands and improvements, and as far as I am concerned if the city is now collecting an extra five per cent on the gross revenue in the City of Edmonton, to the extent that it collects that tax it is preventing the true picture of taxation in the City of Edmonton being reflected on the real estate and improvements; would you

Q (Cont.) agree with that proposition?

A That would seem to be logical, sir. I would suggest it might be referred to the city, though; we would be delighted to be relieved of the tax.

Q Well, you would, coincidence with any relief on that tax your rates would go down, wouldn't they?

A Proportionately, sir.

DR. MAYO: I am not quite sure what Commissioner Davies has in mind there.

MR. DAVIES: I am just inquiring, that's all.

DR. MAYO: There is a variety of taxes, of course, in any municipality on utilities, let us say; now, it is fairly clear that when the city needs a sum of money to operate the services which presumably the citizens want, that that tax note to raise that money can be distributed in a number of ways, there is nothing inherently illogical in making the, let us say, the distribution rather different from what you would get if you put it all on land. Some cities deliberately, which own their own utilities, put their rates up to get municipal revenue. I do not see anything unreasonable in that, you have used the word "unreasonable", Mr. Davies.

MR. BLACKSTOCK: Dr. Mayo, isn't this the case, that the consumer ultimately pays?

DR. MAYO: Yes, but the distribution is rather different because of this tax, that is the point, it falls upon a different segment of the citizenry.

MR. BLACKSTOCK: We pay in gas rates or we pay in taxes, one or the other.

DR. MAYO: Yes, but the consumer who buys a lot of gas may not be the same consumer who pays a high residential tax, let us say, so that the incidence of the tax falls differently --

MR. ROBISON: That is what I have in mind.

DR. MAYO: -- the incidence of the tax is different by this variety of taxes and there might be good arguments for having a different distribution than merely to have it fall as a residential or property tax.

MR. ROBISON: That is the very point I was wondering about.

MR. DAVIES: Well, that leads up to this, that it would seem to me that if the city wishes to impose a tax on its gas consumers, that the proper place to impose that would be on the bill, and then the people would know that the city, that there was a tax imposed on their gas bills as such; this way there are, I doubt if there are very many that know it.

DR. MAYO: That is done in some places, Mr. Davies, I agree, it is put on the bill.

Q MR. DAVIES: Mr. Yorath, I implied from your answers to Mr. Blackstock that there is no Provincial standard established on a province wide basis in respect to gas connections and so on?

A That's right.

Q Do you feel that it is desirable that there should be a provincial standard, and instead of it being subject to the regulation of all the various different municipalities through by-laws that it --

Q MR. BLACKSTOCK: Well, Mr. Yorath, perhaps you can tell us about the Gas Committee in Edmonton and the Gas Committee in Calgary, tell us how they operate in those two sections, what is the composition of that voluntary body and how do they function?

A Yes sir. In both the cities of Edmonton and Calgary there are two Boards, and the Board -- a board in each city known as the "Gas Approval Board", which consists of members of, representatives from our company, from the city, from the plumbers and gas fitters, and from the contractors. I am not sure whether the architects have representation on that Board or not, I don't believe they have, but I believe the Fire Marshall is on it. They meet regularly, like once a month, sometimes a little more frequently as required, they review the safety requirements, review the by-laws, review such things as appliances of poor quality coming into the community, specific cases where poorer jobs have been brought to their attention by unqualified people, and generally police the gas installation and piping and appliances in the consumers homes in those areas; and then in the other smaller communities as Mr. Blackstock has suggested, the

A (Cont.) by-laws of the cities of Calgary and Edmonton are used as a guide, used as a guide and a bible, and upon those are passed similar by-laws which are incorporated or passed by those other communities. In the cities of Calgary and Edmonton there are city inspection staffs, gas inspectors, who inspect the work done by the plumbers and gas fitters. In some of the larger smaller towns they also have a similar staff or a person that does the inspecting. In unincorporated communities we do the inspecting upon authority from the Board of Public Utility Commissioners. Now, in answer, in direct answer to your question, sir, let me say this, that up to date at the present time the system under which we are operating appears to have been quite satisfactory and quite safe. This is so much so that I think we are quite satisfied with it, the municipalities are satisfied with it and the Provincial Government is satisfied with it. As we go down the road a bit and if there are a great number of smaller communities served by other companies, by a number of companies, then it might be highly advisable to have provincial regulations.

Q MR. DAVIES: What I had in mind was a very disastrous accident that took place at Athabasca through a leaky transmission line in the lane, I believe; I have in mind also --

MR. BLACKSTOCK: That was a broken connection.

Q MR. DAVIES: -- the explosion at Leduc, it seems to me that gas, being such a highly dangerous substance, that there is a common view and not a matter of much argument as to what regulations there should be in respect to making gas connections, but if there is anything that should be on a provincial basis that it would be regulations dealing with natural gas.

A I have no objection to that.

Q MR. ROBISON: Well, Mr. Yorath, just on that point, I don't know whether you can help us, but within the last year in Bowness apparently there was a drive to bring these gas connections up to some sort of standard, they were finding the gas connections in the homes and in other places out in Bowness in a substandard condition, and one that I knew of was plugged with gum for example; I can't understand it, but that is the fact. Now, who in a place like Bowness, for example, would be supervising from the point of view of the safety of installations and of equipment?

MR. BLACKSTOCK: I think I can answer that probably better than Mr. Yorath.

A Yes.

MR. BLACKSTOCK: In unorganized territory the Public Utility Board or for unorganized territories the Public Utilities Boards have passed regulations. Those regulations in fact were drawn by highly qualified, a highly qualified heating engineer in

MR. BLACKSTOCK: (Cont.) the City of Calgary , I have forgotten the name, and then we have an inspector who inspects those fittings in unorganized territory, but as Bowness grew and became a town it became rather difficult for us to handle it and the people of Bowness did not appear to welcome the gas inspectors, the gas company's inspectors, and it was not until the Board added the weight of its authority that the people of Bowness began to comply with the conditions laid down.

A . I am very glad you answered that, sir.

MR. BLACKSTOCK: Well, I thought possibly I knew a little more of the detail than you did.

A Yes sir.

MR. BLACKSTOCK: If Mr. MacPherson were here talking about Calgary he would know even more than I.

A I doubt it.

Q MR. DAVIES: Mr. Yorath, would you tell us how much the five per cent tax amounted to for the year 1953?

A Yes sir, I can. For 1953 it amounted to $249,087. in Edmonton, and the actual up to the twelve months ended September, 1954, for the twelve months, was $280,977, and we estimate for 1954 that it will be about $295,000. Do you wish the other communities?

Q No, that is good enough for me. It is apparent now that the City of Edmonton as a result of this five per cent tax on the gross revenues on gas,

Q (Cont.) on the gross receipts on gas, the other five per cent that the City of Edmonton has put on its utility owners, that the people of Edmonton now have a total of 10% in revenue coming in which has the net effect of reducing the amount of taxes that would have to be levied against land and improvements thereon?

MR. ROBISON: Well, I just, I can't now, I can't follow that. I wonder if Commissioner Davies would explain that again?

Q MR. DAVIES: Well, if the five per cent tax was not collected off the gas company revenue and if the five per cent tax was not collected off the utility owners, the other people who owned the utilities, the city would not have that money, and if they didn't have that money they would be short that much money and, therefore, they would have to levy it against land and improvements in the city or in business tax or otherwise to keep their revenue at the same figure, that is what I mean, Mr. Robison.

MR. GARSIDE: I would like to make a statement in connection with this five per cent tax. In the first place, I would draw your attention to the fact that under the franchise, that the franchise was based upon a vote of the ratepayers of the city taken in 1915 and, therefore, it could not be altered without a similar procedure being taken, I suppose.

MR. BLACKSTOCK: And an amendment to the Statute by the legislature.

MR. GARSIDE: Yes.

A That's right.

MR. GARSIDE: Yes, and then, I don't profess to be an expert on these matters but my recollection is this, that probably in 1915 the ratepayers or the council at that time thought that it would be desirable to have a tax in this form because the incidence is different, the incidence is different in the case of this tax. You tax landlords and tenants and all consumers. Now, if you take that away then you have got to get your money out of the land alone.

MR. DAVIES: That is exactly what I was trying to come back to, Mr. Garside.

MR. GARSIDE: Yes.

MR. DAVIES: I think as far as I am concerned, sir, I could dispose of Mr. Yorath in just one more moment.

Q MR. DAVIES: You mentioned, Mr. Yorath, that you felt that during the period of, let us say of inter rate, in between that time when amalgamation came into effect, if it did, that the rates should continue until the company had an opportunity to examine the structure?

A Correct, sir.

Q Now, I assume that that, that your reference includes Jasper Place and Beverly?

A Yes sir.

Q Could you give the Commission any idea as to what that might amount to in terms of time, months?

A For us to come out with a fair share?

Q Yes?

A Oh, going back on previous rate cases, I would say anywhere from six to eight months as a minimum.

Q Thank you very much.

MR. BLACKSTOCK EXAMINES THE WITNESS:

Q One other point that Mr. Davies raised, and that is as to whether this five per cent in lieu of ordinary taxation was common; there are quite a number of franchise agreements in this province which contain that provision. Now, it might seem to be a violation of the general law but in approving franchises of that kind the Board attempted to equate the possible revenue of the taxes which would be imposed under the ordinary principle and as long as there was a fair and reasonable relationship, and it would only be by estimation, we felt that it would be simple for the towns and easier for the company to just levy a five per cent tax. You didn't need an assessor, you didn't need a levy, you didn't need appeals to tax commissions, and as long as the two bore a proper relation to each other, that is the five per cent to the assessment of the plant in the community, we approved it.

A Generally speaking, sir, the simplicity is the great factor. At one time, I don't believe so much in this area, but in the Calgary area we used to give

A (Cont.) the municipality the alternative and invariably they would elect the five per cent.

Q Yes.

A And invariably I think it was in their favor to select the five per cent.

THE CHAIRMAN: It would appear that you are disposed of.

A Thank you, sir.

THE CHAIRMAN: Thank you very much, Mr. Yorath.

MR. ROBISON: I think Mr. Yorath has been a very helpful witness, and I appreciate very much indeed the examination of my colleague, Mr. Blackstock, I found it most helpful.

A Thank you, sir, I always enjoy discussing matters with Mr. Blackstock.

MR. BLACKSTOCK: One day it will come out as "Mr. Blackwell", I am sure of that.

THE CHAIRMAN: It seems to me that immediately after the recess we may have the other brief of yours.

MR. STEER: Yes sir.

(At this point there was a brief adjournment, and the hearing resumed.)

MR. DAVIES: Mr. Chairman, I would like to make one comment to Mr. Garside, the city solicitor. Just before we convened you drew attention to the fact that by reason of the fact that the franchise said that it would have to be submitted to the electors, that it would have to be submitted there to make any changes. I would like to submit to Mr. Garside, I would like to point out to Mr. Garside that although

MR. DAVIES: (Cont.) the Strathcona-Edmonton amalgamation agreement provided that no changes could be made in that agreement without a two thirds majority on both sides of the river, the changes have been made in it and it has never been submitted to the electors and has just been submitted direct to the Provincial Legislature, that is correct, isn't it?

MR. GARSIDE: That's right.

THE CHAIRMAN: Yes, Mr. Steer?

MR. STEER: Mr. Chairman, this brief falls quite naturally into two parts, one is a discussion of the land in question and the other is a discussion of what for the lack of a better word I will call the economic effects or some of them of this green belt idea. We have here two witnesses, Mr. Herring and Mr. Haljan, to speak to each part of the brief respectively. In view of that, I was going to suggest, sir, that the simplest thing would be for me to read the brief, if I might, and then put Mr. Herring in the box to be cross-examined on the first aspect of the brief and Mr. Haljan to follow him to be cross-examined on the second.

THE CHAIRMAN: Mr. Steer, will you come over and indicate to the Commission on the map that area that you are describing?

MR. STEER: Yes sir, I intended to do that.

THE CHAIRMAN: You will do that?

MR. STEER: Yes sir, I will.

THE CHAIRMAN: While Mr. Steer is coming over may we enter this as Exhibit number 104E.

PRESENTATION ON BEHALF OF H. R. MILNER, G. H. STEER and WEILLER & WILLIAMS CO. LTD. MARKED EXHIBIT 104E TO THESE PROCEEDINGS.

THE CHAIRMAN: A presentation on behalf of certain ratepayers.

MR. STEER: The land --

THE CHAIRMAN: Yes?

MR. STEER: The land in question, Mr. Chairman, and Gentlemen, lies to the west of the Saskatchewan River and to the north of the Canadian National Railway, in Section 18 and 24. I will give the actual description from the brief, but it is these two parcels of land here and here. (Illustrating). I have here, sir, some large maps of the area which the Commission may want to see, and if perhaps they could be filed?

THE CHAIRMAN: Yes, 105E.

MAP ACCOMPANYING PRESENTATION EXHIBIT NUMBER 104E IS MARKED EXHIBIT 105E TO THESE PROCEEDINGS.

THE CHAIRMAN: Will you identify the area a little more closely?

MR. STEER: I will give the legal description, sir, in a moment.

THE CHAIRMAN: Maybe you have got something, some other way it could be described, we would have to --

MR. STEER: Oh, yes sir, I will give the legal description, sir.

MR. ROBISON: Just as a start, Mr. Steer, how many acres is this altogether?

MR. STEER: The parcel of land owned by Milner Steer and Weiller and Williams amounts to approximately 900 acres, sir, and then there is a further parcel which I will point out which lies within the city of 44 acres owned by Weiller and Williams.

THE CHAIRMAN: All right, carry on, Mr. Steer, please.

MR. STEER: Mr. Chairman and Gentlemen:

"This Submission is made on behalf of H. R. Milner, G. H. Steer, and Weiller and Williams Co. Ltd. the owners of the land described below.

I.

1. INTRODUCTION:

One of the larger issues raised at the hearings before this Commission has been the question of Town Planning.

There has been no discussion to date of how the proposed General Plan will affect individual landowners in the area encompassed therein. It is one of the objects of this Brief to bring these effects insofar as they relate to two specific parcels of land to the attention of this Commission since these effects will have a definite bearing upon the Commission's recommendations with respect to the proposed plan for land use in the Edmonton area.

II.

2 DESCRIPTION OF THE LAND:

(a) The land in question owned by

MR. STEER: (Cont.)

"Messrs. Milner and Steer lies in Sections 18 and 19, Township 53, Range 23, West of the 4th Meridian, and Section 24, Township 53, Range 24, West of the 4th Meridian. There is a further parcel owned by Weiller & Williams Co. Ltd. lying to the West of 50th Street comprising 44 acres, the legal description of which is Block W, Kennedale Subdivision, Plan 4983 A.M. Weiller & Williams Co. Ltd. also own a portion of Section 24, Township 53, Range 24, West of the 4th Meridian.

(b) It will be observed that the East boundary of the property borders on the North Saskatchewan River. Directly across the River on the East bank thereof is the plant erected by the Canadian Chemical Company. The plant of the Canada Creosoting Co. Ltd. lies immediately South of the westerly portions of the property. The Packing Plant and Stockyards area lies immediately to the West. The Southern boundary of part of the property is formed by the Canadian National Railway, and there is access to Highway 16 from the South East corner of the land. The land is traversed by two natural gas mains and is downstream and downwind from present residential areas. The land therefore is in an industrial area and obviously possesses the characteristics of industrial land.

MR. STEER: (Cont.)

" (c) The land is divided approximately in half by a ravine which runs in an East West direction. Toward the East boundary of the property there is a line of steep bluffs running North and South. To the East of this line of bluffs the land is river valley bottom. It is the opinion of Mr. Percy Herring, a man of wide experience in placing and acquiring land for industries in the Edmonton area, that certain parts of the land, because of their physical characteristics, have immediate potentional use as industrial land.

3. THE VALUE OF THE LAND:

The reasonable market value of this land per acre for this purpose is from $500.00 to $800.00 depending on the demand.

4. THE PRESENT POSITION OF THE LAND:

Under the present Outline General Plan as proposed by the Edmonton District Planning Commission the land has been placed in Zone "A" of the Greenbelt.

It should be observed however that the Municipal District of Sturgeon, the Municipal District in which by far the greater portion of the land lies, has withdrawn from the Commission, (Evidence of Proceedings before the Royal Commission p. 163), and it appears that under these circumstances the Commission

MR. STEER: (Cont.)

"has no jurisdiction either in an advisory capacity with respect to Zoning or in its executive capacity through the administration of the Regulations concerning sub-division. (Evidence of Proceedings before the Royal Commission p. 195).

Notwithstanding this the Edmonton District Planning Commission has placed this property in Zone "A" of the Greenbelt and it is necessary to consider the effects of this proposed step.

As has been shown the land is in an area the physical characteristics of which make it most suitable to industry. If the present proposal is followed the land use permitted has been described as:-

"This land is proposed as a permanent green barrier between residential areas and industrial areas or for eventual acquisition as parklands.

No industry of any kind should be permitted in these areas.

No residential subdivision should be permitted.

No commercial development of any kind should be permitted.

Open air recreational uses of the land should be permitted and encouraged.

Institutional buildings maintaining large grounds should be permitted under special

MR. STEER: (Cont.)

" circumstances.

All agricultural pursuits with the exception of fur farms, hog ranches and cattle buying stations should be permitted."

I might call the Commission's attention to the fact that the part of the land owned by Weiller and Williams in Section 24, 53, 24, West of the 4th is in fact a hog ranch.

" Agricultural parcels of land should be kept as large as possible. In some areas no parcels less than 20 acres should be permitted.

In other areas it may be necessary to hold to a 5 or 10 acre minimum. Nothing smaller should be permitted."

(A proposed Broad Use Plan for the Edmonton Metropolitan Area by L. Plotkin, Planning Technician dated May 16th, 1951, and see also Evidence of Proceedings before the Royal Commission at p. 168).

It seems manifest, therefore, that, having regard to the surrounding land use, this property should not be zoned in any Greenbelt. To do so would involve an inefficient use of land.

III.

The uses to which property falling in Zone "A" can be put have already been set out.

MR. STEER: (Cont.)

"It is apparent from these uses that to apply land for this purpose amounts to virtual expropriation. The question, therefore, arises of compensation to the landowner whose property is so taken if the proposed Greenbelt plan is to be implemented.

A reference to the Town and Rural Planning Act (Statutes of Alberta 1953, C.113) shows that provision for compensation is made in two instances, namely, those cases in which there is a Replotting Scheme where the landowner is deprived of his land and has other land substituted for it (Section 35 to 63), and in those cases in which the owner is deprived of his land pursuant to a Development Scheme (Sections 74 to 80).

In like manner clearly provision should be made for payment of compensation to the landowner who is deprived of his land by its inclusion in any Greenbelt.

The proper measure of compensation is, it is submitted, the market value of the land, having regard not only to the use to which it is being put at the time at which its value is to be determined, but also by reference to the uses to which it is reasonably capable of being put in the future. The object is to put the owner in a position as nearly as possible the same as the position which he

MR. STEER: (Cont.)

"occupied before the expropriation (Challies: The Law of Expropriation at pp. 90, 101, 123 and 125).

The application of this principle is the only just method whereby plans of this nature can be implemented.

IV.

5. SOME GENERAL CONSIDERATIONS CONCERNING THE OUTLINE GENERAL PLAN:

A plan of such far reaching importance and consequences as the Outline General Plan purports to be, ought, it is submitted, to take into account and provide for the most relevant needs of the City and its future orderly development.

In Alberta, and equally in Edmonton, there is still an urgent need for further industrialization. Our provincial and municipal authorities should do everything possible at least to attract new investment to Alberta.

A look at some of Alberta's employment figures will illustrate the point (See Summary of General Statistics, Department of Industries and Labour, November, 1954). The bulk of Alberta's industrial labour force is employed in the following industries: construction, transportation, wholesale and retail trade, and industries related to agriculture. Of the total 137,435 industrial workers (August 1, 1954),

MR. STEER: (Cont.)

"only 13,203 were employed by Petroleum and Natural Gas Industries. This means that the huge capital investment of oil and gas companies $1.073 billion between 1947 and 1953 created employment opportunities only for 10 percent of our provincial labour force.

On the other hand nearly 20 percent (23,417) of the total employees in Alberta worked in the construction industry.

Evidently the process of diversification and thus stabilization of Alberta's economy, despite its impressive beginnings, will require more industrial plants before the economy by itself will be immunized against major fluctuations of unemployment caused directly or indirectly by weather conditions.

At present, the worsened employment conditions across the country are attracting the interest of governmental authorities and a concerned public.

The volume of wholesale trade in Alberta has marked slight but persistent decline during the present year. For the past nine months the decrease amounts to 5.61% and for the month of September only it is up to 7.27% as compared with last year's volume for the same period. Although it is too early to predict the impact of the poor crop of this year, it may be expected that its effects will be more serious

MR. STEER: (Cont.)

"in the coming year.

We are referring to these facts in order to emphasize that a sound economic policy and town planning represents one part of it - requires maintenance of the present favourable conditions for new investment by both provincial and municipal authorities. By the same token, the Outline General Plan ought to be designed to create the most favourable conditions for new industry.

Granted that sites physically suitable are available this will require the opening of areas in the vicinity of the large population centre in order that the industry can:

(a) obtain the necessary labour force,

(b) have available the necessary housing accommodation for its labour force,

(c) have available the necessary transportation facilities together with convenient lines of communication and thus minimize to the greatest extent possible improvisation of transportation facilities by the industry itself and minimize the time lost in travelling between home and work.

Having these points in mind, certain criticisms of the present General Plan and its Green Belt must be seriously considered. The

The first criticism is directed at the desirability and feasibility of limiting the growth

of the City of Edmonton or any young city to an optimum size.

It is axiomatic that a city derives its reason for being from the surrounding areas which it serves. Edmonton, for example, in the postwar period has been mainly influenced by three factors: the industrial development in the Edmonton area, the industrial and commercial activity in the North including the Yukon and the Northwest Territories, and the surrounding agricultural area. The City is in fact a business centre and its growth will follow the economic expansion of the areas it serves.

The factors on which the growth of a city depend are too complex and too variable to permit the application of the static approach envisaged by the Town Planning Commission.

This in fact appears to have been recognized by some community planners in Canada. Thus Mr. Gordon Culham says:

> '... it is high time for reconsideration of the Green Belt within our philosophy and practice of community planning. The rapid growth of North American cities has re-emphasized the human need for accessible open spaces. But rather than trying to set a fixed limit to the growth of cities in the form of a Green

MR. STEER: (Cont.)

" Belt there have been attempts to satisfy this need by seizing upon geographical opportunities to rescue open spaces not specifically suited for urban use. This attitude toward the provision of open spaces, as a substitute for a Green Belt, accepts the view that expediency is the guiding motive and that geographical accident rather than positive design must determine the form and extent of such open spaces.'

('Green Belt Theory and Practice', Community Planning Review, Ottawa, October, 1953)."

If I may, sir, I would like to mention that the quotation, to make a correction in that quotation, the girl who typed it left out the necessary dots showing that there are some gaps, and if I can get the Commissioners' briefs at the end I will see that they are put in.

"Similar views were expressed by K. Mayhall, Member of the Department of Planning and Development of Toronto and by others (ibid).

The second major criticism of the present General Plan is that of cost. Sufficient has already been said concerning the question of the need for compensation to landowners affected by the Green Belt and of the basis on which compensation must be made to secure

MR. STEER: (Cont.)

"justice, to show that this aspect of the Plan merits serious consideration."

Perhaps I should say there, sir, although it is not in the brief that the green belt of the nature which we are discussing here is a definite reduction in the assessment and as a consequence in the taxes.

" The third consideration must be a consideration of the ultimate effect of the strict application of the optimum theory which in turn necessitates the Green Belt.

The first obvious result is that as the area within the Green Belt fills in the demand for commercial property tends to exercise a stronger pressure than the demand for residential land due to the higher returns which will then be obtainable from the former. The resultant increase in rent charges and in buyers offers can only result in an exodus of the low income class and of those who have sold their property to outlying areas with a resultant aggravation of the home-work relationship.

Indeed it would appear that the present General Plan will in the short run immediately aggravate the home-work relationship. This follows from the fact that the North Saskatchewan River divides the City into two parts and poses a natural barrier to traffic. The present main industrial zone, containing as it does a reserve of 6,025 acres zoned for industry as of April 1,

MR. STEER: (Cont.)

"1953, as compared with a total of only 3,110 acres in all other areas (Evidence of Proceedings before the Royal Commission p. 200), has only three practicable approaches for those living North of the river -- "

I am speaking here, sirs, about the area in Strathcona, the industrial area in Strathcona.

"-- namely, the Beverly Bridge, the East End Bridge and then via Highway No. 16, or the Low Level Bridge, Connors Road and then via Highway No. 14.

It must also be remembered that that portion of the labour force residing South of the river will also naturally take Highway No. 14 because of the barrier formed by the Mill Creek Ravine or if their work is in the North East portion of this industrial zone must cross to the North side of the river and proceed via the East End Bridge.

The submissions of these landowners are therefore:

(1) That the orthodox Green Belt Theory as advocated by the Edmonton District Planning Commission is not suitable for Edmonton and the surrounding area.

(2) That the correct approach to secure the equivalent of the Green Belt is to utilize land not specifically suited for urban use.

MR. STEER: (Cont.)

"(3) That serious consideration must be given to establishing an industrial zone open to primary industry on the North East of the City between the North Saskatchewan River and Highway 15.

DATED at the City of Edmonton, in the Province of Alberta, this 17th day of November, A.D. 1954.

G. A. C. STEER

of counsel for Messrs. H. R. Milner and G. H. Steer, and Weiller & Williams Co. Ltd. "

I am instructed that the word "primary" in sub-paragraph 3 is an error and that it should be "secondary". Thank you.

Mr. Herring?

THE CHAIRMAN: Mr. Steer, would you indicate before you sit down just where the division comes in the brief, I have tried to get it?

MR. STEER: Oh, I beg your pardon. The division comes about page 5 about half way down, the heading IV is where Mr. Haljan will be taking over.

THE CHAIRMAN: Yes, at that section marked Roman IV?

MR. STEER: Yes sir.

THE CHAIRMAN: Yes, thank you very much, and do I understand that Mr. Herring is to be cross-examined on the first part of the brief?

MR. STEER: Yes, I would like to ask Mr. Herring just a couple of questions if I may.

THE CHAIRMAN: Yes.

PERCY HERRING, having first been duly sworn, examined by Mr. Steer, testified as follows:

Q Mr. Herring --

THE CHAIRMAN: Mr. Herring, I think experience has shown that the reporter gets the evidence better if you take the far chair there.

A Thanks very much.

Q MR. STEER: Mr. Herring, your business is what?

A I am a real estate agent and appraiser.

Q I see, and how long have you been in that business, please?

A Forty two years.

Q And in the course of that time you have both placed industries and purchased land for industries in this area?

A I have.

Q Yes, and that is the area of Edmonton?

A I have.

Q Have you had any experience with the effect of the green belt as advocated by the Edmonton Planning Commission on any specific parcel of land?

A I have.

Q Would you tell the Commission about it, please?

A The particular site I have in mind, I have not the legal description of it, Mr. Chairman.

Q Could you point it out on the map?

A I could point it out on this map. It is at the southern extremity of the city of Edmonton and abuts on the Calgary Highway at about 53rd Street, 53rd Avenue, I am sorry. This area is an area

A (Cont.) of approximately 80 acres and was owned by a Mrs. Clara E. Russell. You recognize the site, sir, do you. It is a rectangular piece that formerly was within the bounds, the boundaries of the City of Edmonton, within the city limits. In connection with that area of land, I have known these Russell's for many years, and they farmed there, raising chickens and turkeys and so forth on a small scale, and on or about the year 1926 these people borrowed money from a Canadian Life Insurance Company which I represented, did represent and still represent, for the purpose of paying up the balance of the monies which they owed on the purchase of this land and to extend the time for payment. Now, this land, being contained within the city and being subject to city taxation, at the reduced rate it is true for areas of that kind, they had a very difficult time to make ends meet and during the course of the years while I administered this mortgage on many occasions we paid the taxes to keep the thing from reverting to the city, the property. However, as time progressed and about following subsequent to the year 1947, as we know, the city began to develop and the area became more in demand, and these people, struggling under their burden, had opportunities to sell their land or portions of it; but they were prohibited from doing so by reason of the fact that the land was in the green belt, zoned in the green belt, and, and as a matter

A (Cont.) of fact our mortgage in the meantime was getting more and more seriously in arrears, no steps were taken to force these people off the land or to take possession. They came to me and wanted to know what to do so that I sent them to a solicitor with the result that, I think that I can, that I am quite safe in saying this, the solicitor on their behalf made application to the Board of Public Utility Commissioners to have the land removed from the city of Edmonton and placed in the Municipal District of Strathcona. As a result of that move their taxes, of course, were reduced, and as the City of Edmonton zoning at that time did not apply to land outside the city, there was no Edmonton District Planning Commission as I remember, they were able then to sell portions of their land at good prices and to retire the indebtedness to us, the mortgage that I represented, and to establish themselves on fairly reasonable grounds. That is the occasion, sir.

MR. HAYES: Just a minute. Now, is that where that stone house is?

A That is the one, sir, yes.

Q MR. STEER: Are you familiar with River Lot 42, Mr. Herring?

A I am.

Q Have there been negotiations concerning the purchase of that for industrial land?

A On several occasions during the last five or six years.

Q Yes. Would you point out to the Commission where River Lot 42 is, please?

A River Lot 42, gentlemen, is at the south eastern extremity of the Town of Beverly and is in that bend in the river there. This portion of the River Lot 42 to which you refer, Mr. Steer, is only the south 120 acres more or less of that tract which consists probably of about 30 per cent of land on top of the hill and about 70 per cent of the land, of the 150 acres below the hill on the river flats.

MR. ROBISON: Is it part of the 900 acres?

A No, it is not part of that, sir; this is possibly a mile and a half south of the Milner Steer property.

Q MR. STEER: Would you answer my friends, please.

MR. GARSIDE EXAMINES THE WITNESS:

Q Mr. Herring, with respect to the case of Mrs. Russell, the city agreed to the land going outside the limits of the city?

A I couldn't say.

Q You don't know that?

A I don't know whether it was a contest or an agreement, I know that an application was made to take the land without the city.

Q If you would like me to make a statement, I happen to know the situation there, I know Mr. Russell too. The situation there was this, and if I am wrong you can tell me if I am wrong at any point; the Provincial Government was putting a road from the

Q (Cont.) south, a major road from the south. Now, this particular land, being in the city limits, while we agreed to continue that road into the city limits, the situation was that so far as the road being constructed by the Provincial Government was concerned, there would be no taxes assessed against the property through which the Provincial Government road passed, but we could not, we were not in a legal position to waive any part of the charges that were properly chargeable against that land if it were made within the city limits; and it was as a result of a request by Mr. Russell to have the land excluded outside the city limits so as to avoid this tax, the road tax on the land.

A Yes.

Q Now, did I understand you to say that this land was in the green belt when it was in the city limits?

A At that time, yes.

Q Well, when did it become outside the green belt?

A I don't know, it was in, within the green belt established by the city at that time.

Q And you say that since then Mrs. Russell has been allowed to sell?

A That's right, yes.

Q Some of the property?

A Yes.

Q I see. Do you know of any occasion yourself when she had an opportunity to sell that land while it was within the city and she could not do so?

A Oh, yes, there were occasions, I discussed with the Russells on several occasions and they approached the city authorities, whether it was the Town Planner or which Department it was I do not know, for permission to sell, in fact I think they were rather embarrassed on one occasion, having taken from somebody a deposit for the sale of some of the land, a small portion of it at a , for an auto court or something of the sort, and were not permitted to sell.

Q And have you any knowledge as to the use to which the purchaser intended to put the land?

A I couldn't say, sir, no, I don't remember.

Q Now, as I understand it, you have been called primarily to deal with the question of the value of the land in question here?

A That is my understanding, yes.

Q And is the value that you have established referrable in any way to land of a similar kind being sold in that district for amounts of that kind?

A Oh, yes.

Q And how long is it since land was sold for similar amounts?

A Well, with reference particularly to river lot 42 which we discussed a moment ago, that area of 120 acres was under option at a price of $70,000 which approximates $500.00 an acre until perhaps six days ago, pardon, 60 days ago, I have the option in the office.

Q The option was not taken up?

A Was not taken up, no, and I could recite many other sales of land in the vicinity.

MR. MOFFAT EXAMINES THE WITNESS:

Q Mr. Herring, your brief is critical of this particular area being zoned for green belt purposes; has there ever been any application to the District Planning Commission to change it?

A Not so far as I know.

Q Do you suppose from general knowledge that there would be, likely to be an improper or unsatisfactory consideration of such an application?

A I have no reasons for believing so but at the present moment as a real estate man I would hesitate to spend serious efforts to sell that land while it is classed as a green belt.

Q Yes, but what I was trying to get to was the relationship between the land owners in there and the District Planning Commission as such, in other words your criticism is not of the idea of having a District Planning Commission and of having it in authority?

A Mr. Moffat, I did not prepare the brief.

Q Well, I wonder, the implication in the brief, I wonder if we could clarify it, whether it is intended as a criticism of having a District Planning Commission in existence or whether it is a criticism of the particular policy on this particular point?

A To me it occurs that --

MR. STEER: Perhaps I could assist my friend. We take this position, and it is that the green belt theory as has has been propounded before this Commission will work hardship on landowners and we use this land as an example. That is the first point which we want to make. The second point we want to make is that in our submission the green belt theory that has been propounded here, of a belt around the city of land which is not to be used for anything except those uses which we have outlined in our brief, is not, we respectfully submit, a proper approach to this problem. Mr. Herring is speaking as to the value of the land and as to its suitability for industrial uses.

Q MR. MOFFAT: I wonder if I could ask Mr. Herring another question which I am afraid Mr. Steer may have to reply to: is it the submission intended in this brief then that there should be no District Planning Commission?

A Oh, not at all, not at all, sir.

Q It is purely that they should adopt a different policy, is that it?

A I think that's it. I think, if you ask my own personal opinion on the matter, I think that --

Q Yes?

A -- the Planning Commission should be very alert to all the needs of industry, it should not discourage industry.

Q But your personal opinion as to whether or not there should be a strong District Planning Commission, have you anything?

A I am all in favor of planning, sir, properly done.

Q And with fairly strong powers of enforcing its decisions?

A Yes.

Q Granted that they are proper?

A Yes, but I go further, that I think that planners are largely theorists and that practical men should have to review their findings.

Q Yes, I think we all agree with that, Mr. Herring.

MR. ROBISON: Except the planners.

MR. MOFFAT: That is so, I think so, I certainly include myself as agreeing with that anyway.

THE COMMISSION EXAMINES THE WITNESS:

THE CHAIRMAN: Mr. Herring, your purpose in introducing the reference to the river lot was just to establish the price of land in that area?

A Yes sir.

THE CHAIRMAN: That was all?

A I must say that my whole intention in placing the value for Mr. Steer for his brief was to place it conservatively, and that one example of River Lot 42 I am quite sure will assure the Commission, and I can give you written evidence that that land has been under option on several occasions for $500.00 an acre and substantial sums paid on account of those options.

MR. DAVIES: Maybe it would be a time for me to ask the witness some questions on that. That River Lot 42 that you speak of, I am not too familiar in detail with the land in that area, Mr. Herring, but is that River Lot 42 better or as good or worse than the land in question, the 900 acres?

A Oh, it is not so good as the land in question.

MR. DAVIES: It is not as good as the land in question?

A No.

MR. DAVIES: For industrial purposes?

A No.

MR. DAVIES: Now, your option was $500.00 an acre, you say?

A That's right.

MR. DAVIES: And it was not taken up?

A It was not taken up.

MR. DAVIES: Did that have anything to do with the price?

A No, decided to locate somewhere else.

MR. DAVIES: They decided to locate somewhere else, that is always painful, isn't it?

A Yes.

MR. DAVIES: Now, you say here, I suppose, that, on page two that a reasonable market value of $500.00 to $800.00 an acre; have there been actual sales of comparable land in that immediate area at that price?

A In the immediate area?

MR. DAVIES: Yes?

A Do you mean the Celanese across the river, for

A (Cont.) instance, three or four hundred yards away?

MR. DAVIES: When I say "immediate area", I mean land that is comparable to the land under discussion?

A Oh, yes, and in every case it has sold in amounts in excess of $500.00, I have handled most of them, and all through the refinery area for instance and right up to the Clover Bar bridge there.

MR. DAVIES: Take it on the south side of the river where this property is?

A There have not been very many sales in there.

MR. DAVIES: In other words, the land value you have established here has been influenced by this industrial area?

A The land value from my own experience and contacts with these industrial people, and I have met most of them, the land value is certainly conservative. The value is certainly conservative at the figures given in the brief. In other words, will I put it to you this way, that in block a very reasonable price for this land is $500.00 an acre, if you sold it in parcels of up to 30 or 40 acres for smaller industries, for many industries, you would certainly get $800.00 an acre for it.

MR. ROBISON: And that would be your judgment as an appraiser?

A Yes.

MR. ROBISON: Well then, then just along that line, is it also your judgment, and I don't want to get to this matter of expropriation, it is a question

MR. ROBISON: (Cont.) of law, but is it possible that the land in the green belt there, so called, would be, this proposed green belt, would be severely damaged as to price, as to cause all these problems?

A Well, with the restrictions outlined in the brief the land could only be used for small farm holdings or for its present use.

MR. ROBISON: Yes.

A Farm land in Edmonton is not economically possible to operate at a value in excess of $125.00 an acre.

MR. ROBISON: That's right. What about, there is a large industrial plant that has gone to Fort Saskatchewan, supposing that they had just jumped the green belt and went out a little further; is there anything wrong with that?

A Oh, none whatever, but if you have in mind the specific land which they jumped, it doesn't do it any good.

MR. ROBISON: That is quite right, but it does not mean though, the brief gives us an economic argument here; if a green belt is established is it possible that it is going to deny industry the right to come into this area altogether; can't they go on a little farther?

A Oh, yes, I certainly agree that they can go on farther but --

MR. ROBISON: Yes, but some of them might have --

A But the employees would have further to go to work.

MR. ROBISON: Well, the one in Fort Saskatchewan, they have developed residential accommodation in the town for them there.

A I happen to have had to deal with that particular one and two more since that are now locating there.

MR. ROBISON: Yes?

A And our reasons for going there were that the industry was located within ten minutes of the place where these people would live, about ten minutes walking time, and two more industries have now been arranged for in the Fort Saskatchewan area both of which are accessible within ten minutes walking time of the place where these people reside.

MR. ROBISON: It is not impossible then that other industries could go out in that general area beyond this so called green belt?

A Oh, no, no, but their competitive position for labor would not be so good.

MR. ROBISON: Well, that is not directly what was said the other day by the people from Fort Saskatchewan, that didn't seem to influence them too much.

A There were 106 lots bought in Fort Saskatchewan, I bought them for Sherritt Gordon, and I bought the property for their plant, and I think all those 106 lots have been built upon and the houses are occupied by the employees of Sherritt Gordon.

MR. ROBISON: Oh, we have evidence as to that, Mr. Herring, from Sherritt Gordon.

A Yes.

MR. ROBISON: My main point was that industry, in spite of the argument in the brief, industry will continue to go into this area for definite reasons that are good for them, that have been given, even if they have to go out a little farther, wouldn't they?

A Yes, but a consideration, sir, if that the employee does not have to go too far, does not have too far to go to work.

MR. ROBISON: Well, it is always possible that residential accommodation can be provided as has been done in Fort Saskatchewan?

A Oh, yes.

MR. ROBISON: Yes. Your clients, of course, they have an argument as to value I agree, but still industry will still come in here?

A Oh, yes.

MR. ROBISON: Thank you, Mr. Herring.

MR. BLACKSTOCK: Mr. Herring, in addition to the question of value you are trying to establish that there will be some degree of unfairness and hardship could be caused on a rigid adherence to the green belt principle as laid down?

A Most certainly, sir.

MR. BLACKSTOCK: And if that occurred then there should be compensation?

A Most certainly.

MR. BLACKSTOCK: Yes.

THE CHAIRMAN: Mr. Steer, is it within the competence of Mr. Herring's part of the brief to discuss the question of the green belt providing a permanent barrier and so limiting the size of the city?

MR. STEER: No, I think not, Mr. Chairman.

MR. ROBISON: No.

MR. BLACKSTOCK: Mr. Herring perhaps could give us some of the values and prices that were paid in this area?

A The Canadian Celanese paid an average price of about $600.00 an acre some three years ago. Immediately east of there I purchased on behalf of the Canadian National Railway a tract of 12.24 acres I think at $900.00 an acre last year; and immediately adjoining that tract again on the Ottawa farm a piece of 24.4 acres at $800.00 an acre. I purchased 235 acres within the last year for Texaco -- McColl Frontenac, as an addition to their refinery, 235 acres at $650.00 an acre. I recently purchased a quarter section for Imperial Oil adjacent to its refinery for $650.00 an acre.

MR. BLACKSTOCK: I was under the impression there was one sale in that area at $1200.00 an acre, one individual sale?

A Was this the one formerly the Great West Coal property?

MR. BLACKSTOCK: I am not sure, Mr. Herring.

A I think the virtue in that one that was sold at a high price was that it had a lot of gravel. It

A (Cont.) contained a lot of gravel.

MR. ROBISON: But there are some of them out there that have been, have been talking about prices double what you have quoted today.

A Oh, there have been sales but I personally myself have not made those sales; I speak of the ones I definitely have knowledge of.

THE CHAIRMAN: Have you any other questions?

MR. DAVIES: Yes, I am highly interested about this particular 100 acres of land, the city allowed that to pass out of their hands within the last few years?

A Yes sir.

MR. DAVIES: I don't quite understand that, and you want now to get it back, I don't know whether you are the one to give me that answer or not.

MR. GARSIDE: It is a question of the time that it occurred, I think it probably occurred, it might be, oh, five years ago, and it was to assist this man to keep his property. I have forgotten the length of the strip, but had he stayed in the city and this road tax had been imposed, it would have been impossible for him to bear, and he also, incidentally, gets city water out there on that property too, there used to be an old mill there years ago, I think a tanning mill, about 1912 or '13 or '14, and they carried the water out to this tanning mill, and subsequently Russell became the owner and the city continued to supply

MR. GARSIDE: (Cont.) that place with water. Now, since then the city has also extended water to one or two businesses that have, that are not in the city. I think there is a filling station, is that right?

A That's right.

MR. GARSIDE: The city recently permitted this filling station, but the main purpose as far as that property was concerned was to give that man relief from taxation which they could not otherwise do.

MR. BLACKSTOCK: My recollection, Mr. Garside, was that it was a consent order by the city.

MR. GARSIDE: Oh, yes.

MR. BLACKSTOCK: Agreement for removal of that area from the city limits?

MR. GARSIDE: Correct.

A I took no part in those proceedings, sir, they never came to me until afterwards.

MR. BLACKSTOCK: A consent order, they didn't have to have a hearing before the Board.

A I was very happy to see him established because he is an elderly man and I have known him since 1919 and I didn't like to see him dispossessed.

MR. DAVIES: Mr. Herring, before you go, I assume that as a real estate man in the city you have a reasonable degree of familiarity with the zoning by-laws in the city and how certain lots are only for certain uses in certain areas, is that right?

A That is correct.

MR. DAVIES: And you find, I presume, as a real estate agent that according to how an area is zoned in the city or to what use it can be used it very frequently is a very determining factor on the value of the property?

A Quite definitely.

MR. DAVIES: And is there any movement in the city for some of these landowners to seek compensation from the city by reason of the fact that certain of the zoning by-laws in the city prevent them from selling land for a purpose which would mean more money in a sale but which prevents the sale by reason of the zoning regulations?

A Well, briefly, sir, I think that the credits are all in favor of the zoning in the city.

MR. DAVIES: The what is in favor?

A The credits, the zoning has conferred more advantages than disadvantages.

MR. DAVIES: But it would be true to say that zoning in the city has resulted in certain properties being held back in the value that they could realize if they were available for sale for some purpose other than is declared in the zone?

A I cannot recall any such incident, sir.

MR. BLACKSTOCK: You think the zoning has been an advantage to the property rather than a disadvantage?

A preponderantly, yes.

MR. BLACKSTOCK: So that in answer to Mr. Davies'

MR. BLACKSTOCK: (Cont.) question there have been applications to the city for compensation by reon of the existence of zoning regulations?

A I certainly have not heard of any, no.

MR. DAVIES: Have you never been in the position in the city, Mr. Herring, as a real estate agent that if you could sell "X" property and assure th buyer that he could put a certain type of operati on that property that you had a sale for it at a good price but you had to let the sale go because the city would not authorize it for that particula use?

A No. I think for myself in any event I have been disposed to conform with the city regulations and not try to avoid them or get around them.

MR. DAVIES: You see, what I am getting at is, here is a principle, the principle of compensation, and compensation in this brief is being suggested for people who are in an area that is zoned as a green belt because it prevents them from disposing of their land presumably for some purpose for which it could be disposed of which is contrary to the green belt; now, at the moment I cannot see the difference, I might say this, I am not arguing against compensation or for it, for or against it for anybody, but I don't see the difference between the position of an owner in a green belt that is zoned that way and somebody else within the city limits who happens to be zoned and he is prevented

MR. DAVIES: (Cont.) from selling his land for some other purpose.

A Yes, but I think the whole question revolves around the proof by somebody of the adequacy and the need of zoning that particular site of 800 acres or more as a green belt.

MR. BLACKSTOCK: The green belt is really a negative type of control?

A Completely negative.

MR. BLACKSTOCK: Whereas the zoning may be a very positive advantage?

A That's right, sir.

MR. ROBISON: That is just exactly what I was going to point out, it usually confers benefits as Mr. Herring says, and very substantial benefits I will tell you in Calgary.

MR. DAVIES: Have the submissions, have the persons submitting this brief given any consideration to the question of where the compensation should come from and who should pay it?

A Well, if they have, sir, they didn't tell me.

MR. BLACKSTOCK: It is a dark secret as far as you are concerned?

A I think they were afraid I might perhaps put my fee in accordingly for my services.

MR. ROBISON: Why not?

THE CHAIRMAN: Is there any other question of Mr. Herring? Thank you, sir, very much.

A Thank you very much.

(The witness steps down.)

THE CHAIRMAN: Mr. Steer --

MR. STEER: Sir?

THE CHAIRMAN: I am in a little difficulty now about Monday morning. You see the time, as we can't have Mr. Haljan this afternoon.

MR. STEER: No sir.

THE CHAIRMAN: Now, and yet we have, thinking that we would have a fairly clean slate for Monday morning, we have instructed Doctor Jonason to be here on behalf of the Clover Bar School Division at 9:45. Now, will it be convenient for you and Mr. Haljan to follow that?

MR. STEER: Sir, it would be very convenient if we could postpone Mr. Haljan's cross-examination because I have found that I have got to go into a case on Monday morning which will only take at the most one day, I was going to ask, sir, if perhaps he could not be postponed until Tuesday morning?

THE CHAIRMAN: You are anticipating my dilemma. You will remember that we promised the morning of the 30th to Mr. Massie on behalf of C.I.L., was it?

MR. STEER: Well sir, any time after that would be fine.

THE CHAIRMAN: You mean the whole day, you want a whole day?

MR. STEER: Oh, no sir, no.

THE CHAIRMAN: Well what about Monday , what time on Monday could you be here, roughly, I am asking you if it is going to take the whole day?

MR. STEER: It is really hard to say, sir, and all I can really say is that it won't take more than a day, we will be finished by 4:30.

THE CHAIRMAN: Are you prepared to take your chances?

MR. STEER: I would be prepared to take my chances following C.I.L., sir, and that would be more convenient to the Commission and I don't think there would be any confusion if we did that.

THE CHAIRMAN: This may be a suitable time to announce that the Commission will adjourn on Thursday night rather than on Friday as some of the people have expected. The Commission will, this hearing will close on Thursday night at 4:15 and, naturally, we want to get some of the submission of the city disposed of, and I am sure we cannot complete it, but this is the program, we have to finish the cross-examination of Mr. Haljan on this submission, we have the submission of the Clover Bar School Division, and we have the Edmonton District Planning Commission.

MR. STEER: I see.

THE CHAIRMAN: Now, it did seem to us that the Edmonton District Planning Commission might follow this brief which seems to be a bit critical of planning and the Commission.

MR. STEER: Yes sir.

THE CHAIRMAN: And then on Tuesday morning we are committed to the C.I.L. so we have no desire to constrain anybody --

MR. STEER: It just occurred to me, sir, if I went back perhaps I could arrange to get someone from our office to come down here with Mr. Haljan.

THE CHAIRMAN: Yes.

MR. STEER: And then he could follow after the gentleman you are hearing on Monday morning.

THE CHAIRMAN: Yes, yes, that is Clover Bar, yes, splendid, splendid.

MR. STEER: All right, sir, I will do that. I am sorry that it had slipped my mind.

THE CHAIRMAN: Then the morning will be, on Monday, will be first of all the submission of the Clover Bar School Division, and excuse me if I interrupt myself, Mr. McGruther, do I understand that you have succeeded in postponing the Bus Lines?

MR. McGRUTHER: Yes.

THE CHAIRMAN: Very well, then item number 2 will be the completion of the cross-examination of Mr. Haljan on this brief and then from that we will go on to the Edmonton District Planning Commission and get as far as we can with that and go to C.I.L. on Tuesday morning.

MR. STEER: Yes sir, thank you, sir.

THE CHAIRMAN: We stand adjourned until 9:45 on Monday.

(At this point the Commission stood adjourned until 9:45 a.m., Monday, November 30th, 1954.)